THE EMPIRE CLUB

ADDRESSES 1969-1970

The Empire Club of Canada
1969-1970

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H. IAN MACDONALD

President – 1969-1970

ADDRESSES 1969-1970

The Empire Club of Canada

SIXTY-SEVENTH YEAR

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The Empire Club of Canada

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†*Deceased*

EXCERPT FROM *Origin and Objects of The Empire Club*

PUBLISHED IN *The Year Book for 1903-04*

On November 18th, 1903, a small meeting was held in Webb's Restaurant, Toronto, mainly on the initiative of Lieut. Col. James Mason, for the purpose of preliminary discussion. The Chairman in a brief speech pointed to the desirability of an organization, following the plan of weekly luncheons, to be addressed by prominent men, or men speaking with authority upon the issues of the day, and having also a distinctive basis of British Unity in its work and policy.

A sub-Committee met on the following day and appointed . . . . . a Committee to draft a Constitution.

The meeting at which these principles and rules were approved and organization effected was held at the Luncheon hour on November 25th, in Webb's Restaurant, with some seventy gentlemen present . . . . after a discussion of various proposed names . . . . The Empire Club of Canada . . . . was approved by a large majority.

TRIBUTE BY *The Hon. John P. Robarts*

PRIME MINISTER OF ONTARIO

On the Occasion of the Sixtieth Anniversary

" . . . Since it was started in 1903, this Club has consistently stood for a united Canada within the Commonwealth. I think that we can say that the success of the Club really has stemmed from the broad character and the extent of its activities which have caused it to grow in esteem and influence among the Canadian people."

The opinions and views expressed in the Addresses contained in this volume are those of the speakers themselves and do not necessarily carry the full or partial endorsement of The Empire Club of Canada.

Edited by H. Ian Macdonald

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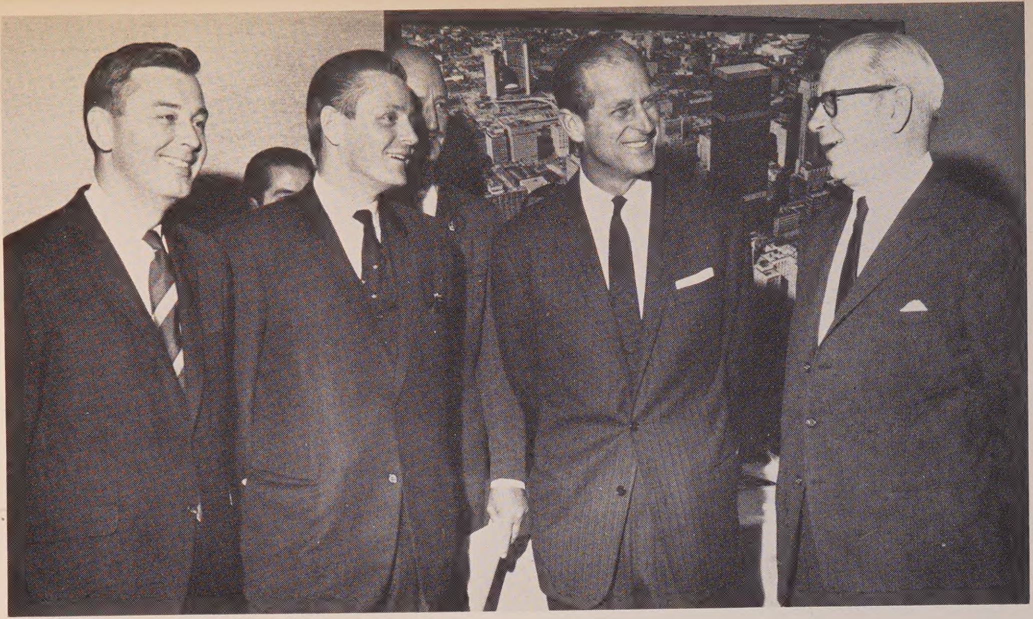

October 22, 1969 – His Royal Highness, the Prince Philip, Duke of Edinburgh, with Mr. John Macdonald, President of the Rotary Club of Toronto, Mr. H. Ian macdonald, President of the Empire Club of Canada, General George Kitching and Mr. D. W. McGibbon, President of the Canadian Club of Toronto.

November 6, 1969 – Mrs. Joseph P. Kennedy with Mr. H. Ian Macdonald, Mrs. Bath, Mrs. Macdonald, the Honourable Allen Moreland, Mrs. Moreland and Mr. D. H. W. Bath.

DECEMBER 17, 1969 – THE CHRISTMAS LUNCHEON.

Harold Gillingham
In Appreciation

April 9, 1970 – The Prime Minister of Ontario, the Honourable John P. Robarts with the President and Harold Gillingham, following a presentation to Mr. Gillingham.

The Empire Club of Canada

SEPTEMBER 16, 1969

British Foreign Policy in Transition

AN ADDRESS BY The Right Honourable
Michael Stewart, C.H., M.P.,
BRITISH SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS

Joint Meeting of the Empire Club of Canada and the Canadian Club of Toronto

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

The story is told by that chronicler of modern British history – Harold Nicholson – of the visit of a former British Foreign Secretary – Sir Samuel Hoare – to a small town in the north of England. The Foreign Secretary was accompanied by his wife, and the town was eagerly awaiting the first Cabinet Minister, in many years, to do them such an honour. An enthusiastic group of townspeople were on hand, fortified by the local band and the mayor resplendent in his robes of office. His opening words to the Foreign Secretary and his wife were: "I cannot tell you how delighted we are today to welcome Sir Samuel and Lady W."

The members of the Empire Club of Canada and the Canadian Club of Toronto are delighted to welcome the Rt. Hon. Michael Stewart today and I trust that we will not stumble into any such innocent indiscretions.

Your visit, Sir, is a timely one in many ways. You come to this city and province at a time when the air about us is filled with discussions of reform in education, housing and local government, matters to which you have given great attention in the British House of Commons. You come from Britain at a time when British foreign policy is indeed "in transition": to what extent will your overseas presence continue to be manifest, will Britain remain as the hub of the Commonwealth wheel, will the intriguing flirtation of Britain with the European Common Market lead to matrimony (holy or unholy depending on the mind of the viewer), and will the pound maintain its position as a sterling currency in the money markets of the world?

Whatever the answers, we, in this country, can have confidence in the judgment which will be brought to bear on these questions by contemplating the brilliant and sustained record of public service of the Rt. Hon. Michael Stewart. While a first-class student at St. John's College, Oxford, Mr. Stewart was, in 1929, President of the Union – the University debating society which has been, to use an astronautic metaphor, the launching-pad of so many distinguished political leaders.

Service with the League of Nations Secretariat, teaching at the Merchant Taylors' School in London, and experience as a Captain in the British Army in World War Two marked out three roads which merged in a pathway for him to the House of Commons as Labour M.P. for East Fulham in the 1945 General Election, a constituency which he has represented continuously before and after the 1955 reorganization when it became, simply, Fulham.

Mr. Stewart has held numerous offices in his party and in Parliament prior to his present portfolio and since becoming a junior minister in October 1947 – notably Secretary of State for Education and Science, Secretary of State for Economic Affairs and Secretary of State for Foreign Affairs. Nor has he failed to manifest that extraordinary and distinguishing feature of so many British statesmen – the skilled pen, for he is the author of various books on education and government.

His office is a great one, both for its place in history and for its occupants – from Palmerston to Stewart; his address – Downing Street – still fires the imagination as a source of strength and determination; and his nation continues to be great both for the burdens it has carried and for the contributions it is making in the community of nations.

The pleasure which we naturally feel in receiving you, Sir, at this luncheon is reason enough for the warm welcome we extend to you today. But all the reasons which I have mentioned have provided an additional thrust to the great interest with which we are anticipating your reflections on "British Foreign Policy in Transition". The Right Honourable Michael Stewart.

MR. STEWART:

Your Worship, Mr. President, Gentlemen. I am most grateful to you for your welcome. I am happy to be speaking here in Toronto in the centenary year of the establishment of Ontario's first official representative in London. That occasion, that centenary, will be marked on the 23rd of October by a ceremony in London, and I shall look forward to meeting your Premier at the Guild Hall in London on the following day. In addition we have just heard that the Government of Ontario will be marking the centenary by the gift of one hundred maple saplings which I am told will be planted in groves in one of our royal parks, probably Richmond Park. Now this, gentlemen, is my first visit to Canada and I have just had a glimpse of the tremendous beauty that some of your trees can produce at this time of year and in the coming few weeks and I realize how much this gift is going to enrich and beautify the fortunate park in our country that receives it. This anniversary is a fitting symbol of the great number of links between Ontario and the United Kingdom, links of tradition, of kinship, of trade and of way of life.

As I said, this is my first visit to Canada, a country of enormous natural resources and wealth and of distances which we in Europe still find difficult to comprehend, and a country whose history of exploration has always made such an appeal to the British. As I came in by jet aircraft last Saturday, I was struck by the distances which we travelled, but more I was struck by the sense of my arrival compared with the hardships and struggles of the founders of your country. This is a contrast particularly present in our minds at the very time when the Northwest Passage, that romantic dream of the navigator from the very beginning of the exploration of the American continent, a dream which was to prove the death of so many, is once again a matter of present exploration, with the ghosts of Frobisher and Franklin watching the progress of the Manhattan and her accompanying icebreakers.

Before I set out I was asked by journalists why I was coming to Canada. I said that I had been invited, indeed frequently, and it was much to my regret that I had not been able to accept earlier invitations. It was true that I had been invited and perhaps that would be a sufficient reason for coming to Canada; but there is much more to it than that. Our two countries have so much in common that there is, I suppose, no need for a definite reason why a representative of one should pay a visit to the other, but there is of course a further reason for my visit. It is concerned with the nature and conduct of foreign policy by your country and by mine.

We – Britain and Canada – are old friends who are both engaged in re-examining policies in the light of contemporary needs. It does not follow necessarily that because one looks at a policy afresh and re-examines it that one must necessarily come to the conclusion that it must be completely changed. The real question for both our countries is this: if we look realistically at the needs of our respective countries today, do we find that there is a solid and modern reason why the mutual affection and the links of the past should continue? My answer to that question is yes and I will hope to expound the reasons for that.

It is true that if one were to start off by listing certain facts of the kind that are bound to dominate the foreign policies of countries there would at first sight appear to be wide differences. Canada is by geography an American country and an Arctic country and you have in your reconsiderations of foreign policy had to give perhaps more weight to both those facts than you had given before. Canada is also by history a bilingual country and it is a country bordering on both the Pacific and the Atlantic. Britain is a European country. It is a country now facing on a bigger scale than before the task of becoming a multiracial community. It is a country which despite the advance of so many former colonies to independence still bears responsibilities all over the world. We are, moreover, a country which carries the powers and duties of a permanent member of the Security Council of the United Nations.

For some time among those who write and think about politics it has been commonplace to point out we are now living in a world in which there are two enormous powers and a third even greater on the horizon and that Britain cannot be classed with them. But we must not because of that fact fall into the error of supposing that Britain is other than, as I say, a great power, a permanent member of the Security Council, a power with responsibilities all over the world.

May I give at this point, by way of a bit of digression from my main argument, one example of the kind of responsibility that we have to face in view of our past history. I do this because I believe this example is one about which there is much thinking and discussion in this country. We have helped many former African colonies to independence. We still have a duty to help many of the peoples of Africa, the continent whose inhabitants in the past have been so brutally treated and tyrannized over. We have a duty to help the people of that continent so far as we can to be able to stand up in the world as examples of free and increasingly prosperous nations. We do not believe that this can be done if African states are torn to pieces by tribal secessions. We know the problem in every African state of securing the support of people of different tribes and ensuring they live together in peace. We believe that if the principle is accepted that a tribe which has grievances, however serious, seeks to solve them by secession this can result in the destruction one after another of the states of Africa and with that the hopes of the people of Africa for the future. That is why we take the view that a settlement ought to be reached in Nigeria on the basis of one Nigeria with proper safeguards for the minorities.

Now we could, I suppose, if we liked, have tried to wash our hands of this responsibility, to sit back easily feeling this is no affair of ours and to behave in a way which would not give anyone ground for criticizing us. But for a country in our position, with our relations with and our responsibilities towards Nigeria, this would have meant that in fact we were expressing approval of a secession that could only bring misery to Nigeria and danger to all Africa. Such a shirking of responsibility by us would not have shortened, indeed, would have probably prolonged this tragic conflict.

I thought it right, gentlemen, to make that digression on this particular point of the kind of responsibilities that Britain still has to face. But I now resume my general theme that if you make a list of the factors that would seem to dominate Canadian policy on the one hand: American, Arctic, bilingual, from sea to sea; and our policy on the other: European, permanent member of the Security Council, problems of multi-racial unity, it might appear at first sight that the two lists of characteristics are so different that they must result in considerable differences of opinion and perhaps divergences of policy. But this is only a superficial judgment.

On closer examination one will realize that those two lists of governing conditions both lead us to this conclusion, a conclusion common to both of us, namely that neither

Britain nor Canada can turn their backs on the world and live to themselves. We are both countries with a wide spread of interests and responsibilities. We have a common interest in a peaceful world and in doing all we can to ensure that the changes which must come proceed in a peaceful and civilized manner.

Here is our community interest: in trying together so to influence the world that the changes – political, economic, cultural – that are bound to come, proceed peacefully. When we add to that community of present interest the affection and understanding which spring from the past, then we see that Britain and Canada have much to offer each other in counsel, in advice, in practical help in the 1970's and beyond.

Further, we are both Commonwealth countries. At the Commonwealth Prime Ministers' meeting earlier this year we were very glad to welcome your Prime Minister, Mr. Trudeau, in London and I believe that every prime minister that came there went away convinced of the importance of the Commonwealth connection. I am not sure they were all convinced of it when they came. I am quite sure they were convinced of it by the time they went away.

But the links between Commonwealth countries are not to be found only at the levels of head of government. The Commonwealth connection is in fact a vast network of different connections involving common endeavour by individuals in many fields: in law, in science, in education, in innumerable others. The Commonwealth has become an instrument through which knowledge in so many fields can be pooled and exchanged to the advantage of all the nations in the Commonwealth. Moreover, the Commonwealth is, with but a few exceptions, a community of democratic nations. I know that there are Commonwealth countries whose form of government neither you nor we could accept or approve, but it is important to realize that the great majority of countries in the Commonwealth and the overwhelming majority of the inhabitants of the Commonwealth accept and endeavour to use the institutions of democracy.

This is not a mere platitude (though one always ought to remember about a platitude that it has the enormous virtue of being true). It is not a mere platitude because it is only a minority of the human race who are acquainted with democracy, and democratic beliefs are still under challenge in many parts of the world. We read recently of the elections in Ghana where citizens stood in long queues waiting to record their vote, and one of them who was asked if this was not tedious replied: "Democracy is worth queueing for."

Britain and Canada, who have known democracy much longer, can feel a pride in belonging to a group of nations which triumphantly assert that the ordinary citizen ought to have the right to choose his government, the right to criticize it, and from time to time, should he so wish, to change his government. This, I may say, is not a course I would recommend at the present time to my fellow citizens in the United Kingdom! I merely assert the principle, and the important principle, that should they be so ill-advised as to wish it, they have the perfect right to do it. We all know, if we look across the world at some of the forms of government in existence, that these are not mere platitudes and that the whole of human liberty of thought and human happiness is bound up with these democratic rights. Canada and ourselves, as I say, belong to this Commonwealth group of nations, the huge majority of which not only assert these principles but assert that they are not the prerogative of any one race but that they can and do take root in every continent.

I mentioned that we were a European country and as you know it is our firm policy to seek admission to the European Economic Community. We believe that if we try to stand aloof then neither we nor the other countries of Western Europe will be able as years go by to make the technological and economic advances which scientific discovery puts within the reach of mankind. Every major scientific discovery imposes a political challenge to mankind to bring his political institutions up-to-date so that the possibilities that science offers him can be realized. We are now seeing in Europe that the continuation of Western Europe as entirely separate sovereign states is not the way in which the scientific possibilities of the late twentieth century can be realized. We in Britain believe that only the increasing community of purpose among the nations of Western Europe can enable Europe to exercise the political influence in the world which it should be able to exercise.

But if we are a European nation, just as you by geography are an American nation, we do see this Europe, with its increasing unity, as a partner with Canada, with the United States, and with our other allies in NATO. A partner, that is to say, in an alliance which provides a shield for democracy and which enables its people, equipped with that shield, to increase their prosperity and to approach with confidence the large and difficult task of trying to find an easier relationship with the Soviet Union and with the countries of Eastern Europe. For it is an error to suppose that the existence of NATO is a barrier to better understanding between East and West. On the contrary, it is only if the nations of the West feel secure that they can approach with confidence the search for detente or conciliation with the other great power grouping in the world.

During my visit here I have, of course, discussed with your Prime Minister and with my colleague and friend, Mr. Sharp, the problems of NATO and your government's policy toward it. It is right to say that the decisions which you are taking about NATO have been fully and imaginatively explained to me, but I think it right also to ask you to understand the concern which we and other members of NATO feel about any reduction of Canadian forces in Europe. We felt this concern all the more because of the high quality of those forces to which General Goodpaster has referred.

I recognize that your decisions in no way involve or imply a withdrawal from NATO or any doubt about the necessity of the alliance. But we have to recognize that when you announced the way your thinking was evolving, a problem was created for all countries in NATO; we were extremely anxious that nobody should draw from what had happened the conclusion that the alliance itself was withering. I believe, and I am encouraged in this belief by what I have heard here, that your country is, as I said earlier, a country that recognizes that it cannot fold in on itself – that it has its responsibilities the world over and that membership in NATO is one of them.

We must all of us – and I believe this is one of the considerations that has been in your government's mind – we must all of us recognize that this alliance is not to be merely a shield behind which we can crouch negative and unthinking. It must be an association which should enable us to think out the answers to the great problem of world wide conciliation. For the first and greatest consideration of world politics today can be expressed as follows: once nuclear weapons were invented mankind embarked on an age which must be either the age of conciliation or the age of destruction, not I trust the age of either recklessness or surrender, but of conciliation.

But meanwhile, while we try to prepare ourselves for that task, which is going to tax all the political virtue and ingenuity of mankind, we have to live from day to day and to do this we must continue to trade, and I hope to trade with fewer and fewer barriers all over the world. Britain and Canada have certainly understood the importance of this. We have strong trade links of long standing and I am glad to say they are flourishing. You sell us a great deal of the natural resources, mineral and other, of your rich country and you sell us increasingly industrial products; but it is industrial products alone that we can offer you, the fruits of our industries and the technology and know-how that go into them – in short, the product of the human resources on which we must rely to maintain our place in the world and indeed to earn our livelihood.

Perhaps Canadians will bear this in mind when they think about the prospect of our entry into the Common Market. They will remember a market of that kind is indispensible to us if our technical skills are to be marketed economically on the large scale that capital-intensive technologically-based industries require. You sell us a great deal more than you buy and we are making great efforts in the past three or four years to increase our exports to Canada by a trade drive in which officials and businessmen, some of them here with us today, have co-operated most effectively. Our exports to Canada last year showed an increase of over 22 per cent from the year before and this year they have already grown by over 23 per cent on the same period last year. All this encourages British exporters, and should encourage Canadians, because a flourishing reciprocal trade provides a healthy basis of mutual interest between our two countries.

But despite those figures I mentioned, we in Britain are not and ought not to be complacent. We are continuing the drive to sell British goods in Canada, and we trust that Canadian customers will continue to show the growing preference for our products to which these rising export figures bear witness.

I said we are not complacent and I would like to say this very plainly about my own country. It is possible if one listens to some sources of information to get the impression today that Britain is backward, industrially inefficient, torn by industrial strife. One might also get the impression if one heeded some superficial judgments that our society is demoralized and our young people disreputable. I say very plainly and on a solid basis of fact that this is complete nonsense. We have, as all countries have had, some problems with our young people; and indeed as people of all ages have had.

Some time ago a clay tablet was dug up in the 900 B.C. remains of ancient Nineveh. When all resources of scholarship had been applied to deciphering the crabbed script on it, what it said was: "Things are not what they used to be and young people no longer respect their parents".

If you want to know the truth, go to the people who have realistic contacts not with one-half per cent or one per cent of the rising generation but with the majority of them. Go and talk to the librarians at the public libraries who will tell you of the increased reading of serious books by young people. Go to the people concerned in education who will tell you the steadily rising number of young people who voluntarily pursue their education full or part-time beyond the age that is required by law. Go to the treasurers of our boroughs who will tell you how reliable young people are if they are given mortgages. These are real facts. They have not quite the same headline value as the misbehaviour of a small minority. Look also at the ever-growing number of our young people anxious to find some way of doing useful work to help other people either in Britain or overseas.

As to economic progress you will have seen recent figures of our trade and balance of payments. They speak for themselves. No one should base too much on one month or even six months achievement and I would not mention these figures if it were not that behind them stand certain more substantial and longer enduring facts. In the last few years in Britain we have had a period of great economic difficulty but during that time the structure of our industries has been vastly improved. The difficult task of redeploying manpower from older and declining industries to the new and expanding ones has proceeded apace. We have mastered increasingly the task of spreading employment and population more evenly over the country. We have made – I am not sure whether it is despite or because of many arguments and rough passage between the trade unions and the government – we have made real progress toward better relations between management and trade unions. We have grasped more and more the importance of connecting claims to increased wages and salaries with proof of increased productivity and efficiency. All the time there is one figure that has steadily increased even in these difficult years. That is the measure of productivity in industry. The amount of wealth produced by weeks or months of work advances all the time and it is my conviction that, if that figure is moving in the right way, our other economic problems will come out right.

At the beginning of my speech I put the question: is there a solid modern reason for the continuing affection and common interest which has united Britain and Canada in the past? I said I believed the answer to that to be yes. I hope I have given the reasons.

If the affection between our two countries had become merely a thing of habit, a hollow shell that would collapse as soon as it was touched, then we might be frightened about the reconsideration of policy on which we are both embarked; but the truth is that the more searchingly we both ask ourselves what is the right policy for Britain or for Canada today, the more firmly we shall come to the conclusion that each country will be able to pursue the policies which meet its own needs more effectively if it can keep in mind the affection and shared experience of the past and our present common interest as free peoples and as countries with world responsibilities.

Mr. Stewart was thanked on behalf of The Empire Club and The Canadian Club by Mr. Donald W. McGibbon, President of The Canadian Club.

MR. MCGIBBON:

Right Honourable Sir, we are very glad that you were invited to visit Canada at this time. We are glad that the arguments in favour of your acceptance were compelling and we are particularly happy that you accepted the invitation to address our two Clubs today. I think everyone here, or most of us, will have appreciated the fairness with which you have given your exposition on the multitude of interests between Britain and Canada and the common ground that influences foreign policies in both countries.

Sir, we thank you very much indeed and we would like to see you return some time.

SEPTEMBER 19, 1969

Emerald Isle in a Sea of Discord

AN ADDRESS BY The Honourable
George Colley, T.D.,
MINISTER FOR INDUSTRY AND COMMERCE
IN THE GOVERNMENT OF IRELAND

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

These are days of universal demonstration, apparently born of frustration with the representative flavour of our political and social institutions. Earlier this week, our flight across the landscape of British foreign policy, with the Rt. Hon. Michael Stewart in the pilot's seat, was subject to some turbulence inside and outside the aircraft. Naturally, this was somewhat upsetting to the passengers, not to mention the staff in the control tower, until the journey was concluded safely. I would hope that, in welcoming the Club's first speaker from the Government of Ireland, we shall have a meeting free of interruption if not of dissent. The communications media have exposed the Empire Club to some gentle lampooning in the past two days on the absence of "dissent". In fact, such a defect is far from evident in the program which we have arranged this year and I prefer to reserve judgment on such premature commentary.

Happily, there have been no advance indications that any oranges will be thrown as we take off on our Irish flight today, although I think it is only fair to warn you, Mr.

Minister, that, as a civil servant, I have myself been described from time to time as "a mandarin". In the Government of Ontario, a Cabinet Minister is often defined as a man who goes about with a worried look on the face of his Deputy Minister, but I trust this occupational deficiency of the chairman will not conceal the warmth of the welcome which I extend to you today on behalf of the members of this Club.

You come from an island, Sir, which has endured more than its share of strife and suffering and whose history has witnessed the ebb and flow of your national fortunes in pursuit of that quietude which is characteristic of so many parts of your lovely country, and which must have inspired William Butler Yeats in his reverie on "The Lake Isle of Innisfree" to hope:

> "And I shall have some peace there, for peace comes dropping slow,
> Dropping from the veils of the morning to where the cricket sings;"

In achieving freedom and independence, you have yet been denied the goal of national unity. If my recollection of Irish constitutional history is correct, your Constitution, which came into operation on December 29, 1937, declares Ireland to be a sovereign, independent, democratic State with its national territory the whole island of Ireland, its islands and the territorial seas. In fact, the laws enacted by Parliament apply to the counties of the Irish Free State, excluding the six counties of the Province of Ulster known as "Northern Ireland". Yet, the unstated hope and aspiration behind the Constitution would appear to be the restoration of Irish unity and the end of centuries of internal unrest.

Mr. Colley is a distinguished practitioner in that Parliament. He is also a native of Dublin – the fair city of verse and song and the seat of so much history. His service to his party and to the government has been diverse and varied, from the time he was elected in 1961 as the representative for Dublin North-East in Dail Eireann, the House of Representatives. His ministerial responsibilities have given him a wide sweep and exposure to Ireland's basic conditions, from concern for places, as Parliamentary Secretary to the Minister for Lands, to responsibility for people, as Minister of Education.

Among his extensive travels and activities, two in particular are of special interest, I expect, to the members of this Club. First, Ireland has continued to demonstrate a keen interest in matters of Western European unity and co-operation. In turn, Mr. Colley was leader of the Irish Parliamentary delegation to the Council of Europe in 1964. Second, at a time when we in Canada are working steadily at a possible revision of the Constitution, its institutions and the federal-provincial division of powers, we can note with deep interest his Chairmanship of the All-Party Committee examining the possible revision of the Constitution in Ireland.

Beyond these points, perhaps his greatest and most immediate interest in Canada and the interest of many of us in his visit today run a parallel course which is best reflected in his present portfolio as Minister for Industry and Commerce. May I repeat your own words, Sir, in accepting our invitation to speak to us today: "It is indeed a heartening thought that the long-standing historical connections between Ireland and Canada are now being fortified by growing ties of trade and industry." We, here, are concerned to develop and enhance these ties and I have great pleasure, therefore, in introducing you to the members of the Empire Club of Canada and in inviting you to address us on the subject of "Emerald Isle in a Sea of Discord."

MR. COLLEY:

Mr. President, Your Excellency, and gentlemen. I know that the Irish have a reputation for wit and eloquence and I am afraid that having heard the very witty and eloquent introduction you are about to be disappointed. I do not profess to be characteristically Irish in that regard. I do, however, want to say to you sincerely that it is a very great pleasure indeed for me as Minister for Industry and Commerce in Ireland to be invited to address the members of the Empire Club on this my first visit to Canada. I am happy also to have the opportunity of reporting to such a distinguished audience here, leaders as you are of the business and professional life of the community, on some of the more significant aspects of Ireland's economic development in recent years.

I have been looking forward to this visit to Canada for a long time. I regret very much that it has not taken place before now. It was planned a couple of times and had to be cancelled, but perhaps I savour it all the more by reason of the delay involved.

I was particularly looking forward to this because of the long and cordial ties between our two countries despite the obvious differences in climate, size and geographical makeup; I had often heard it said that no Irishman ever feels himself among strangers in Canada and I have had ample evidence of the truth of this since my arrival here in Canada last weekend.

These close and friendly relations between our two countries to which I have referred go back a very long time. Indeed, our Irish State papers show that ships were passing between Ireland and Newfoundland as far back as 1595 and there are records of Irish settlements in Canada in the 17th century. You know more than I do, I think, about the subsequent wave of immigration to Canada from Ireland, particularly about the middle of the last century coinciding with the great famine in Ireland. Many of our exiles here in Canada have played an active and distinguished part in Canada's development and have contributed to the great ideals which are still reflected in the political life of your country. Your contemporary role in the United Nations and the selfless part which your country has played in the U.N. peace-keeping missions demonstrate your deep and traditional commitment to these ideals.

As I have said, I am happy to talk to you about some recent and, I think, significant economic developments in Ireland. Fairly recently a leading British financial paper described it as a "minor economic miracle" and to a great extent this is true. There was a time when it could be said, and with a great deal of truth, that when the British economy caught cold, the Irish economy caught pneumonia. In recent years the British economy has been suffering from a prolonged cold but the Irish economy has been forging ahead. The significance of this fact, having regard to the history of our economy in the past, cannot be over-stressed.

However, I would like to tell you a little about the main features of our economy when our state was founded. At that time our dependence on agriculture was almost total. There were few industries of any consequence apart from a number of traditional industries mainly based on agriculture, such as brewing and distilling, bacon-curing, biscuit-manufacturing and the weaving of woollens. At that time our exports were exclusively of agricultural produce: live animals, dairy produce and drink, which you may tend to forget is basically an agricultural product. At that time too our unemployment was high and emigration was high. We tackled this problem in three main ways. Firstly, by the development of industry; secondly, by the development of exports; thirdly by the development of tourism.

Our first real step to industrialization took place in the early 1930's when we built up a pretty high tariff wall in order to support our industries in Ireland. Without those tariff walls they could not have started. Their foreign competitors would have wiped them out. I am glad to say that we have made such progress that we are now embarked on the process of dismantling those tariffs.

However, if we were to depend solely on the development of our own native industry, we might never achieve, or at least have to wait an unacceptable length of time to achieve, our aim which is to ensure as soon as possible a situation in which no Irishman or woman will be compelled by economic circumstances to leave Ireland. If people wish to emigrate we certainly will put no barrier in their way, but we do not wish them to be compelled to emigrate and that has been one of the main motivations of our economic program.

As I say, if we were to depend solely on the development of our own industry, this would not have been acceptable in solving our problems. As a result, for quite some years, we have been embarked on an intensive programme to attract industry from abroad to set up in Ireland. In this programme, we have offered some very valuable incentives from the government, mainly cash grants toward the cost of fixed assets with no strings attached; grants for the training of workers; and perhaps our most spectacular incentive is the fact that we exempt completely from tax for a period of fifteen years the profits derived from the export of manufactured goods from Ireland. We also add on a five-year period of getting used to the idea of paying tax. This particular one is of special interest, I think, to Canadian companies because, by reason of the terms of the Double Taxation Agreement between the Governments of Ireland and Canada, a Canadian firm setting up in Ireland and making profits on which it is not taxed in Ireland may bring back those profits to Canada and still not be taxed in Canada.

I am convinced that the most efficient inducement that we have had to encourage industry to set up from abroad has been the availability of a pool of intelligent and adaptable labour in Ireland. I always have to explain, when I say this, that I do not think Irish people are more intelligent than other people. What I mean is, because of the fact that we have not had industrialization on any great scale until recent years, we have a great many people who are educated to a level at which, in a more highly developed economy, they would take jobs that are not available to them in Ireland. Thus, people will take a level of job in Ireland which would not attract a person with the same kind of education in a similar situation in other countries.

Because our economy has been predominantly agricultural in the past, we have the same problem that has been common in many other countries – that is, an increasing productivity on the land from fewer and fewer people, a greater degree of mechanization, and increasing size of farms. But the relative size of our work force engaged on the land has compounded our problem and we have had many thousands of people coming off the land for whom we have been trying to provide employment in Ireland.

The program which I have outlined has been going on for a number of years and I am glad to say that in the last few years the momentum behind it has been gratifying. In the ten years from 1958 to 1968, about three hundred new industrial enterprises involving foreign participation set up in Ireland, providing about 38,000 new jobs. As I say, the momentum behind this is growing so that for the current year we are reasonably certain that we will be providing eleven thousand new jobs at least, which is the target we have set ourselves in order to provide full employment in Ireland by 1980 and I think from what I see that in the next few years that target is going to be exceeded.

As I mentioned, another area in which we have tackled our problems has been in regard to exports. I think it will be clear to you when I tell you our home market consists of three million people and that the prospect of development of industry on any substantial scale would be nil if we were to confine our activity to the home market. Therefore, exports are vital, not only to our progress but indeed to our survival. Consequently in 1952 we set up the Irish Export Board, and its activities both in assisting the Irish exporters and in assisting foreign buyers from Irish manufacturers are extremely valuable indeed; they have been so effective that I think their activities are clearly reflected in the figures for our exports.

Ten years ago our exports of manufactured goods, apart from the traditional food and drink items, were relatively modest and accounted for only about fourteen per cent of that year's exports. Last year for the first time in our history our manufactured exports accounted for more than half our total exports and the value of that total was over one billion dollars. The range of our manufactured exports is wide and I think surprising to many people who are not familiar with the situation in our country. They include, as you would probably expect, textiles and fashion wear, glass and pottery, but also include things like cranes and fork-lift trucks, electronic components and scientific instruments, parts for space satellites, blast furnace linings and pharmaceutical and chemical products. At present we export to, I think, one hundred and ten different countries and I like to tell people about one item of our exports which we sell very successfully – television sets to Hong Kong.

As far as trade with Canada is concerned, it had been growing rapidly in recent years, but in my view is at much too low a level. It is also very much in favour of Canada at the moment. I would like to see our trade in better balance at a much higher level and I believe that there is ample scope for us to achieve this and to have a much greater level of trade at both sides. That is one of the reasons indeed that I am here in Canada at the moment – to try to stimulate that trade a little farther.

Canada has always been regarded by us as a very important potential market indeed. The second of our overseas Export Boards was set up in Canada, in Montreal in fact. I am glad to tell you though that our Export Board plans to open a second office here in Toronto in the near future.

I mentioned that the third line of approach we had in tackling our problems was tourism. This is, for us, a very valuable industry which last year brought us in two hundred and thirty-eight million dollars. Last year, incidentally, we had about thirteen thousand visitors from Canada.

Those of you who have been to Ireland will probably agree with what I am about to say and those of you who have not ought to go there and find out if I am telling the truth. Ireland is still a relatively unspoiled and from a tourist's viewpoint relatively unexplored country. It is a place, in many areas, of rugged natural beauty and the people have not yet forgotten the art of relaxation. I think that Canadians visiting Ireland will find a very special welcome for themselves. My government has given high priority to the expansion of tourism not only for the widespread financial benefits, but also because it cultivates understanding and goodwill between people.

These facts about Ireland's economic achievements in the sixties and our programme for economic growth for the seventies, meagre as they are, will probably come as a surprise to those who may have envisaged Ireland as a pastoral land inhibited by an inherent economic *ennui* and preoccupied with ancient enmities.

The spurt of economic and social advance that has marked the last decade in our Republic can be vouched for by a number of Canadian businessmen, industrialists and entrepreneurs who have invested in Ireland and have shared as welcome partners in our growth. We have, during the past five years or so, achieved in our part of Ireland a momentum of growth and spirit of economic renewal which if it is maintained, and it will be, promises great and practical achievements in expansion in the decades ahead.

It is in this context that I propose now to turn to the question that has inevitably been raised throughout my visit to Canada. It is the question reflected in the title you have chosen for my address this afternoon.

I want, first of all, to record my appreciation of the genuine and sincere concern for Ireland and for all of its people so evident in many enquiries I have had from Canadians about the situation in the north of Ireland. Naturally these questions have come from Canadians of varying heritage but they have been characterized by a common sense of regret at the tragic happenings, at the terrible psychological impasses that compel the awesome tensions that prevail in that troubled area.

There is here in Canada a keen and regretful awareness that above and beyond the question of individual allegiance, it is fellow human beings in the north of Ireland, be they Unionists or Nationalists, Catholics or Protestants, who now savour the bitter grapes of ancient wrath.

I argue from the conviction that the sad situation in the north-east corner of my country today is the predictable inevitable consequence of the unhappy expedient resorted to by men of limited vision who almost fifty years ago imposed partition. I use the word "expedient" advisedly for partition was envisaged as a temporary measure and even one of its most formidable protagonists, Lord Craigavon, foresaw reunion as inevitable.

The partition of Ireland was conceived as a device to create an artificial local majority in one corner of Ireland and thereby consolidate the political and economic hegemony of one group. Its ideological justifications were based on the simple but terrifying myth that Catholics and Protestants could not live and prosper together in one island. This myth, which has been assiduously cultivated, was conjured into reality with the tragic consequence that we all see. The irony of the situation is that the very history of the north of Ireland area itself provides the finest examples of the fusion of Protestants, Catholics and Dissenters in communal harmony.

The very Republican ideal which inspired Ireland's struggle for liberty and independence was conceived by Ulster Protestants. Dissenters and Catholics fought side by side for an Irish Republic in the great nationwide uprising of 1798. Some of the most stirring episodes of that campaign took place on Ulster soil and the bravest of the fallen were men with names like Munroe, Orr and McCracken.

This sense of community did not expire with the embers of that struggle. It continued into the 19th century and the story of the early growth of the City of Belfast is graced by instances of inter-denominational harmony rare in Europe at that time. Indeed the first Roman Catholic Church in Belfast was built mainly by the subscriptions of Protestants.

It would be unfair to you, Gentlemen, if I were to dwell too long on the methods and motives used to shatter that idyll: the cold-blooded manner in which the landed ascendancy fostered and promoted a virulent bigotry to preserve their vested interest, and the baleful influence of sectarian ranting and the communal strife perpetrated in the name of religion.

It is surely time to open a new chapter in the story of Ireland. Here in this great Confederation of Canada, Irishmen of contrasting heritage were able to submerge their old antipathies to share in the building of a new nation. They could do this without abandoning the better aspects of their individual traditions. There is a moral for Ireland today in the story of a recent St. Patrick's Day parade in a Canadian city where the local Orange band in appropriate regalia enhanced the musical effort.

We would ask those who are divided from us in the north of Ireland today, especially the young people among them, to re-examine the sterile and entrenched concepts which have led their community to sociological bankruptcy. The reaction of startled uncomprehension among the British public and press to recent events in the north must suggest to perceptive young Unionist men and women that partition has created a political twilight zone. It has left them in a situation where for all the undoubted sincerity of their loyalty, they are not regarded as really British. They are regarded as the residue of an Irish problem.

We want to invite those fellow countrymen of ours now to think the first daring thoughts towards the only ideal that can, ultimately, signal the end of Ulster's tragedy, the ideal of a reunited Ireland. Let me acknowledge that we in the south, preoccupied in the first decade of independence with laying economic foundations, failed to make sufficient effort to understand the complexities of the problems bedevilling the north. In intellectual introspection we regarded with an empty and somewhat bothered sympathy the minority who were victims of the system. We strongly condemned the discriminatory regime without making a real effort to understand the fears of a people frightened by phantoms and spectres conjured up by that regime to sustain itself.

We say to our people in the north – and they are all our people – that we on our part are ready now to repair these omissions. We invite them now to share with us a new adventure in economic, social and moral growth.

This is an invitation to join us in building anew. Such a development would, of necessity, involve a re-structuring of society as we know it in Ireland today. The present structures, North and South, are conditioned by the ever present fact of Partition. The new Ireland which would evolve if this straitjacket were removed would be one shaped and enriched by the traditions and values of all Irishmen and all Irishwomen, Catholic, Protestant and Dissenter. We as Irish people, North or South, have the acumen to fashion a fabric of society that will cherish and respect the seemingly rival traditions.

I do not make light of the challenge, economic, social and constitutional implied in the federal proposal outlined recently by our Prime Minister, Mr. Lynch. All of us in the Government of Ireland share his conviction that these problems are not insurmountable.

I have no doubt that the Government of Britain would like to see an end once and for all to what is called the "Irish Question". There are in their councils men who have the imagination and vision to grasp this moment of historic challenge. I assure them that they will find a ready and generous response from the Irish Government. I have no doubt that ultimately the concept of a re-united Ireland will prevail not only as a matter of historic justice but in the

European context as a matter of economic logic. In the final analysis it will prevail because it is based historically on a broad and generous concept of human brotherhood and individual dignity.

Mr. Colley was thanked on behalf of The Empire Club by Mr. R. L. Armstrong.

OCTOBER 2, 1969

Policy Making in National Politics

AN ADDRESS BY The Honourable Robert L. Stanfield,
P.C., Q.C., LL.D., M.P.,
LEADER OF THE OPPOSITION AND NATIONAL
LEADER OF THE PROGRESSIVE
CONSERVATIVE PARTY

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

Today, we mark the official opening of a new season for a Club which grew out of a small gathering in Webb's Restaurant on November 18th, 1903. It has become a great Club and your Executive will do everything possible this year to ensure that it continues to be so. That greatness is reflected in its many traditions, but we believe that traditions are valuable only as inspiration to the present and nourishment for the future, not as a monument to to the past. That is why we are making a special effort this year to introduce a variety of opinion into our programme and to concentrate on problems that confront the Canadian as an individual; that is why we are determined that our approach to the Club's affairs should remain contemporary in spirit but not conformist in style. We trust that our programme will enhance the role of the Empire Club in the public life of Canada.

It is difficult to speak of Canada without speaking of politics; it is improper to speak of politics without considering the role of the opposition; and it is impossible to speak of the opposition without speaking of Mr. Stanfield.

The leadership of a national party is an office of great responsibility and significance. In a country of regional disparity and federal structure, it is a position which demands the ability to weave a fabric from varying strands and to assemble a mosaic both horizontal and vertical. Yet, the political party is a convenience for the Commons rather than an instrument of the constitution. When we speak of the office of leader of the opposition, however, we are speaking of an integral part of Parliament and its constitutional underpinnings.

About the time that I was inviting Mr. Stanfield to open our season today, a rather intense debate was underway in the House of Commons on the role of Parliament and on parliamentary procedures. It had been suggested in certain high places that members of the opposition were mere "nobodies". Accordingly, I came close to inviting our speaker today to consider the theme: "The Diary of a Nobody". I refrained on the grounds that such a subject might be somewhat political for the Empire Club, and the delightful Victorian commentary of that name was, after all, a work of fiction.

Parliament, however, must deal with questions of great complexity, touching on the whole future of this country; that, of course, is also the concern of this Club. It does no service to the country to over-simplify these complex issues, nor is it an easy task to reconcile them. Within the last few weeks, for example, we have seen two important national agencies – the Economic Council of Canada and the Prices and Incomes Commission – give very different emphasis to the questions of inflation and economic growth. It requires great judgment and imposes great responsibility to find a way through the cross-currents of expert advice.

That is why, Sir, we are delighted with your choice of a subject. What is the route by which the views of the people enter the political stream and find their way to the open seas of policy? And how is policy to be applied in a manner that will provide the people with leadership, not abuse, in a democratic society?

Great issues face Canada – our constitution, the future of our native people, the problem of poverty and opportunity, the quality of life, but, above all, the capturing of the soul of the nation or the establishment of our true national identity. In a recent address, John Fisher spoke of the irony of a ship called the Manhattan pushing through our Arctic waters and suggested that: "Canada fiddled while the Manhattan churned."

We welcome today a man whose responsibilities may require him to sing out of harmony from time to time, but who is devoting himself to the question of orchestrating a great future for Canada. I shall not presume on the knowledge of this audience or try your modesty, Sir, by reciting all of your background and accomplishments except to note briefly – a gold medalist at University, a Queen's Counsel in the practice of the law, eighteen years as a member of the Legislature of Nova Scotia, eleven of them as Premier, a father of four, and a gardener of note. I once heard another great gentleman described as "a man who would say please on a parade ground". Those who have had the privilege of knowing Mr. Stanfield would agree that such a description would apply well to him.

It is my great pleasure, Gentlemen, to present the Honourable Robert L. Stanfield, Leader of the Opposition and National Leader of the Progressive Conservative Party, and ask him to address us on "Policy-Making in Federal Politics".

MR. STANFIELD:

Mr. President, members of the Empire Club of Toronto, and guests. I must say that it is obviously a great week for Toronto. First of all you have a farmer from Scarborough as Metro Chairman, then the aeroplanes became a little irregular and now here I am!

I want to tell you it is not an easy thing to be a politician or a political leader. I know that they had great fun during the last election because my family name is associated with the underwear business. Let me tell you that there are ten thousand pink slips going to the civil service these days – and every one of them has the Trudeau label on them! I do not know whether it would be a good thing or not for this country if the Prime Minister were to be known as the pink slip Prime Minister.

As some of you well know I have been here speaking to this club a number of times in different capacities. I had the privilege of speaking here a few years ago as the Premier of Nova Scotia and I have also spoken here as the Leader of the Opposition.

I don't propose today to tell you all I know about policy making either in my own party or other parties in the country, but I do want to talk to you for a little while about certain aspects that I think would be of some topical and current interest to you. What makes this topic timely from my point of view is the fact that the Progressive Conservative Party will hold a national policy conference at Niagara Falls for four days next week. Whether you are a member of my party or some other party (and I recognize that everybody here today is not, openly at least, a supporter of mine), or whether you have no party affiliation at all, I think that you and every person in Canada has a considerable stake in the processes of a party which is presently the Official Opposition in the Parliament of Canada. There is no need for me, in this company at least, to elaborate on this point; nor to define the two-party system – we have more than two parties in Parliament, but the two-party system in the sense of having the Government and an Official Opposition – and therefore, surely no need to apologize for taking your time to discuss some of the aspects of this important event in one of our two major parties in the country.

First of all, let me mention a very profound consideration in connection with a conference like this and that is money. A national policy conference involves a substantial financial commitment and the gross budget for ours will be something in the vicinity of eighty thousand dollars. Now I hasten to say right away that I don't mention this to indicate to you I am going to pass the hat around after I finish speaking. I simply mention it to emphasize that Progressive Conservative delegates who will be attending this convention, this conference, will be paying a registration fee of $85 plus their hotel, meals and other costs in Niagara Falls, plus their travel costs in most cases. There will be, of course, a partial travel subsidy for some categories of delegates. There are very few of these delegates of whom it can be said they can easily afford this kind of expense. Of course we expect that constituency associations will help out in many cases.

The point I want to make is one that I think you may want to remember, especially those of you who exercise your democratic right not to support a political party. It is well for you to remember the system could not operate without those who do support a political party. The active support for a party often involves more than the token sacrifice of time or money and, if your neighbours, friends, employees or employers make an effort, for the most part largely anonymous to the public in the sense they play it quiet (I don't mean a secret, but a quiet, role in their party), they deserve at least as much honour as those who take part in any other worthwhile cause.

I am not attempting for a moment to downgrade the importance of the independent voter, but I do think we should from time to time pay tribute to those who in their own way make their contribution to the political party of their choice.

So on Thanksgiving weekend several hundred of your fellow citizens, out of a sense of loyalty or duty or interest at some cost to themselves, or to their constituents, will hold a Progressive Conservative National Policy Conference.

Now what do we hope to accomplish? Well, of course we don't start out from scratch. We are not writing a completely new book. There are subjects where the Conference will probably find no reason to recommend any significant change or addition to the policy that was put forward in the last election campaign and evolved or stated during the life of the present Parliament of Canada. We don't start from scratch and in recommending policies we are not committing ourselves to those policies to the end of time. Our party, as a matter of fact, now requires under the new Constitution of our National Association that a national policy conference be held every two years, a conference devoted exclusively to policy. It will alternate with normal business meetings of the Association which until now have been held every year. So there is every opportunity for us as a national party to keep our policies under constant evaluation and report as to their effectiveness, as to their relevance, and as to their acceptability to the country. In this way we ensure that the party will be a vital political force for Canada.

Now the theme of our conference, and this was determined months ago, is Priorities for Canada. It is striking to me that, in the last report of the Economic Council of Canada issued a few weeks ago, the Economic Council should have put such emphasis at this time upon this theme and the importance of establishing in Canada better machinery for determining our priorities.

We are still waiting in this country for some leadership in the definition of priorities. I would have hoped and thought that a majority government with a secure term of four or five years would have found the climate right to take an initiative in this regard and to begin in earnest the necessary computations with the provinces. But apparently not, not yet at least.

Yet the serious discussion of national priorities is a most urgent responsibility facing the various governments of this country. A valid consensus of priorities, indeed the very process of working out a consensus of priorities would provide a sense of national direction that is lacking and a proper explanation and understanding of such priorities is one essential element in improving fiscal responsibility in our country.

Leadership should come from the national level and as a national party I hope the study and discussion of some eight broad policy areas in our conference at Niagara next week may indicate what in the autumn of 1969 are the priority problems and opportunities and objectives in our country. So far as government is concerned, where should the emphasis be placed in terms of government attention and financial resources and the exercise of its influence on public opinion? The question of course is much broader than the question stated by the Economic Council of Canada, which is stated substantially in economic terms and we know that the question of priorities to be determined, as indicated by our Chairman today, run far beyond strictly economic considerations.

It will be obvious to those attending the conference, as it is to you, that there are certain policy areas where conspicuously there is both a pressing need and good opportunity for new concepts and new approaches in national policy with regard to the reform of our tax system. For example, the Carter Commission, which provides the occasion for discussion, reported back in 1967 and we are still waiting for some words on what the government policy will be with regard to that report and to the questions considered by the Commission. The government's white paper on tax policy has been postponed a number of times. On the other hand and likewise the government has turned over to a committee of civil servants headed by the Deputy Minister of Health and Welfare the study of the present welfare system and the examination of the question as to whether some new approach is needed there.

On both these highly important subjects, as on others, the question, for example, of national identity, the questions of national policy touched upon and referred to by our

Chairman today, on all these questions there is an opportunity and responsibility for the Progressive Conservative Party to meet the obvious need for a new approach even if the government has not yet done so. While it is certainly a very important part of the Opposition's responsibility, especially its parliamentary responsibility, to analyze and criticize and respond to Government policies, we also have a duty to take policy initiatives of our own and I assure you this is a continuing and primary concern with me.

Now I don't expect that this conference will draw up a detailed road map. Even in three or four days, even a meeting of Progressive Conservatives, even a meeting of Progressive Conservatives under my leadership will not find all the answers to all the questions of the country, but on these and some other issues our purpose is to confirm and establish a definite direction and it should be something more meaningful than a slogan such as the Great Society or even the Just Society.

With regard to the overhaul of the tax system, for example, I hope and expect that the conference at Niagara Falls will first of all look at our tax system as a whole and not just tinker with one or two particulars. Let me illustrate what I mean. I think, with respect, the Minister of Finance was wrong to rush into the fairly recent changes in estates and gift tax, especially when he was far from ready to decide on tax reform in general and still far from ready to present, for example, a white paper to outline the position of his government on tax reforms in general. I think those changes introduced and adopted by the last Parliament will have to be reconsidered in the light of an overall tax reform "package". As a result substantial alterations may then have to be made in the estates and gift tax legislation passed during the last session of Parliament. I hope we won't get involved in this kind of tinkering or looking at just one aspect of the problem of taxation during the policy conference.

Secondly, the delegates at Niagara Falls, in discussing tax reform, must try to achieve a sensible balance among the various considerations such as equity, encouragement of savings, investment, and economic growth, incentive to enterprise and the need for Canada to remain competitive.

Surely this question of balance is vital. I happen to feel quite strongly, for example, that the present level of exemptions on personal income taxation just cannot be justified in terms of its relative burden on the lower income groups. After all, the earning power of this exemption has been eroded year after year after year by the process of inflation. There should be adjustment as to the levels and as to their effect on the various income groups.

But the revenue lost from any such adjustment will have to be found elsewhere. If you are doctrinaire, or inclined to be doctrinaire about these things it is easy enough to talk about socking it to those in the ten or twenty thousand a year income group, but they already pay heavier personal income tax than their counterparts in the United States and so long at least as the brain drain concerns us, we should try to avoid a tax system that places us in too great a disadvantage *vis-à-vis* the United States in this respect. While there may be a general agreement that the level of exemption should be raised and its effect adjusted, still it is highly important to recover the revenue lost in ways that will not introduce new inequities or new anomalies into our system of taxation.

Now another question that is bound to be considered by the delegates at this conference is that of the capital gains tax. Here again I hope that a sense of balance and of practical criteria will be brought to the discussion rather than a reliance on theoretical or dogmatic arguments pro or con. Personally I would not think it good policy simply to pile a capital gains tax on top of the present system of taxation, but as part of an overall package of tax reform it has to be given serious consideration. Certainly on grounds of equity there are strong arguments for tax on capital gains as well as income. Indeed for many Canadians the concept of an equitable tax system has become almost synonymous with the introduction of a tax on capital gains in one form or other which, of course, may very well be an over-simplification.

This is what I want to emphasize: the conference will also have to take into account several practical considerations related to any approach to the tax on capital gains. For example, if such a tax were considered, special consideration could be devised with regard to gains arising from the sale of the family farm, the family home or the family business. Again, since most capital gains arise over a relatively long period of time account should be taken of this in establishing rates. Further, living as we are in a period of inflation, should inflationary gains be given special consideration or should special consideration be given to the fact that inflation exists and does in fact affect the real value of capital? Of course, in considering any such tax what is the likely effect on growth, economic growth, savings and investment in Canada?

Now these questions cannot be considered in isolation but must be resolved in the context of the whole tax system. As I indicated earlier, I believe that a capital gains tax proposal could only be implemented in the context of the system where the rate structure applying to all types of income is appropriate and doesn't seem to be and is in fact not confiscatory. Secondly, I think that some acceptable system of averaging would have to be worked out. Obviously I hope this will be the case. There would have to be balance and practical consideration given at Niagara Falls to the position to be taken by my party in connection with what is obviously a very current question in our country.

Again I hope that we can approach the question of the welfare system and its overhaul in a way that is both compassionate and realistic. By some estimates public welfare is now costing as high as three and a half billion dollars a year and it continues to grow. With one person in five still living below the poverty line, how effective is our welfare programme and our approach to the solution of our poverty programme problem. Those who read the last report of the

Economic Council of Canada saw the Council's dissatisfaction with our anti-poverty programme and the methods that we have adopted to date. Surely there are some better answers than the system that has grown up over the years and I believe there is a growing public awareness of the need for an integrated approach to poverty, welfare, and to public assistance. At Niagara Falls we will confront this need and I hope recommend guidelines for a new approach by our Party.

You may know that I have expressed the opinion that a successful welfare programme must emphasize three principles. First, it must try to see that every Canadian will have the opportunity of a decent standard of living. Secondly, it must make sure that public welfare funds are not given away unnecessarily to people who don't need help. Thirdly (and I emphasize this in particular) it must incorporate a system of incentives, a plan that positively encourages a man to get out and work as soon as possible. I recognize that it is probably impossible, indeed it is impossible to devise a plan that completely satisfies in full all three of these principles. One must work out a plan that seems most satisfactory in satisfying some kind of common denominator.

Some may say now, "Why talk about this sort of thing during a period of austerity, during a period when we are engaged against inflation and fighting a battle to maintain restraints"? But of course the Economic Council of Canada has already emphasized the economic loss involved in continuing poverty on the scale that we now have it. Secondly, one does not devise a new approach to welfare overnight or put it into effect overnight and it is certainly not too early to start a discussion in a serious way, start planning in a serious way, because there will have to be discussions not only in my Party but obviously between the federal government and the provinces. Certainly we must approach this question in a spirit of responsibility, and anything we plan to do we must do with a sense of fiscal responsibility; I suggest it is urgent we begin promptly to devise a plan which will satisfy as nearly as possible the three principles that I have laid down.

Now some people are quick to apply labels to any new concept and refer to something like this as "guaranteed annual income" or something of that sort; but I hope that in this country we can examine each other's principles and policies and their merits without becoming too distracted by semantics or with trying to drag too many red herrings across the trail. I hope we won't have to answer charges that Stanfield is going to pay everybody an income and that I am ladling out the free stuff. People who feel that way are sure lucky that the Conservative Party does not have a real dangerous radical as its leader – like Richard Nixon for example.

Now on these matters and other very important matters with which we are all concerned – the future of our nation, the concept of our country – it is up to the men and women who will be delegates at our conference in Niagara Falls, a cross-section of our party, a cross-section I think of our country, acting on the best advice we can get (I say "we" because I will be there as a delegate), acting according to our own convictions, to balance and reconcile and harmonize the considerations and to achieve a consensus. This is not easy, it is not an easy process and it is never painless. There are bound to be differences within a political party, within any political party at least that tries to face problems that arise and tries to develop an honest approach and to adopt honest solutions designed to meet national difficulties. There are bound to be differences of opinion which are sometimes going to erupt into open conflict and open controversy and open differences and open splits. We had a few differences of opinion in my party last winter in connection with the Official Languages Bill. I hope that the Progressive Conservative Party of Canada will always be prepared to run the risk of differences of opinion and open controversy within the Party in order to move steadily towards the adoption of positions required in the national interest, but not to adopt positions designed to create differences within the country, nor to adopt positions with the effect of dividing the country. I hope that we will be prepared to fight things out among ourselves, sometimes quietly and if necessary openly in order to reach decisions that we believe are in the national interest. This is not necessarily a painless process but it is the first responsibility of any political party that would aspire to enhance continuously its credibility among the people of Canada, which is my determination as far as my leadership and my Party are concerned.

Mr. Stanfield was thanked on behalf of The Empire Club by Mr. H. N. R. Jackman.

OCTOBER 9, 1969

Prospects for Democracy in Greece

AN ADDRESS BY Professor Andreas Papandreou,
PROFESSOR OF ECONOMICS, YORK UNIVERSITY AND CHAIRMAN OF THE PANHELLENIC LIBERATION MOVEMENT

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

I suppose that worse things can happen than having your name misspelled, although surely nothing is more annoying; as a Macdonald, I know that well. Through an unfortunate lapse on the part of our printers, our guest today has been introduced to you by mail as Andreas Papandreau, spelled eau, rather than Papandreou, eou. I had not realized that the objectives of the Official Languages Act would be implemented so quickly in Toronto, and that a good Anglo-Saxon name like "Papandreou" would become Gallic overnight. Perhaps it is a residue, Sir, of your period of residency in France but I will watch with interest, when the mail arrives tomorrow, to see if the name of our next speaker, the Honourable Jean Chrétien is spelled without the accent over the "e" and in a form such as Creten. If so, you will undoubtedly interpret it as our attempt at a fair exchange between the French and the Greeks. May I apologize to you, Sir, for our error.

A close scrutiny of the map of Greece reveals two striking characteristics: the enormous areas taken up by mountains, and the deep penetration of the sea which shatters the land into a constellation of islands. Perhaps there is some symbolism in its geography, for the history of Greek thought has been a story of scaling great heights and, at the same time, a process of carrying a fundamental message of democracy to the four corners of the world.

Surely, there is no more beautiful sight than the Acropolis at sunset with the gathering shadows of the Parthenon stretching out in ever-lengthening fingers across the city of Athens. Yet, there are those who suggest that other shadows are now cast over Greek democracy. Aristotle wrote in his *Politics*: "But, if all communities aim at some good, the state or political community, which is the highest of all, and which embraces all the rest, aims at good in a greater degree than any other, and at the highest good." Does that condition apply in modern Greece? This very cradle of freedom has not only been rocked, but also devastated countless times since the days of Athenian democracy, and yet, that spirit lives on still with our speaker today – one of its principal torch-bearers.

I would not presume to pass judgment on the current politics of Greece. Indeed, the very purpose of inviting Professor Papandreou to address us today is to permit us to gain some insight to the affairs of that troubled nation. It has become clear, however, that a significant segment of the Greek population is prepared to risk everything in seeking fulfilment of its interpretation of "a just society". As our speaker suggested recently to the *Sunday Times*, of London: "So far as I and all Greek exiles are concerned, we must dedicate ourselves to the overriding task of liberating our land."

Of the many who feel that fundamental freedom is lacking in modern Greece, one, in particular, has undertaken great personal risk in insisting that such is the case – Professor Andreas Papandreou. For our part, whatever the justness of his cause, I believe we should be proud that Canada has provided the atmosphere of freedom and tolerance within which he can direct the activities of PAK – the

Panhellenic Liberation Movement or international Greek Resistance – of which he is Chairman.

Professionally, Mr. Papandreou possesses that potent union of law and economics which can best be described as a combination of the approach that leaves no stone unturned while contemplating whether they are worth moving in the first place. His law degree was taken in Greece and his Ph.D. in Economics at Harvard, following which he served in the U.S. Navy from 1944-46. I wonder if you would feel as strongly, Sir, about the military takeover in Greece if it had not been the Army that carried out the coup? Or, has the military trinity in Greece also been converted to a unitarian force?

Subsequently, he was professor at Harvard, University of Minnesota, Northwestern University, the University of California, where he was Chairman of the Department at Berkeley prior, I hasten to add, to the uprisings in that seat of learning, and finally, in the University of Stockholm. He founded and directed the Centre of Economic Research in Greece, with the assistance of the Ford and Rockefeller Foundations and then entered Greek politics in 1964. Elected to Parliament, he was Minister of State and Minister of Economic Co-ordination under his father, Prime Minister Papandreou. When the military junta took over on April 21, 1967, he was jailed until given amnesty on December 24, 1967, a liberation arranged by the personal intervention of President Johnson of the United States. He went first to France, then to Sweden and finally to Canada, in August 1969, to become Professor of Economics at York. May I suggest that the students of York University are fortunate indeed to be taught by a Professor of Economics who has been a practitioner in government. I would hope, Sir, that you will find opportunities to contribute to the great public debates on economic policy in Canada today. Greek literature and Canadian economics have one thing in common – a reverence for mythology. We wish you well in your new Odyssey.

Gentlemen, I present a Professor for whom the subject "Prospects for Democracy in Greece" is no mere matter of academic interest, but a personal search and a burning mission.

PROFESSOR PAPANDREOU:

Mr. Chairman, I must thank you for a moving introduction. May I also say that it gives me truly great pleasure to address your Club today. While everyone is entitled to his ideas about what constitutes the limits of action on behalf of the ideal of freedom, I know that this Club has stood traditionally for human liberty and free expression.

I have come, then, to talk about the Greek story, a story which by now is known, I should think, by all of you in its general outline, and to point out its intimate relationship to the European problem and to the European fate. So my thesis will be very simply that Greece was the first democracy in Western Europe, but it may well not be the last. It is now a part of a totalitarian syndrome to which we must all awake and act before it is too late.

I shall try to give you the facts as coldly and as objectively as I can, the facts that have emerged concerning the Greek coup. But before I give you the facts of the coup, as we know them now, I will give you the political background of the coup in a few words.

I do not want to dig very far into the political history of Greece. However, Greece is a country that, ever since it was technically liberated, in 1828, has always been under tutelage, tutelage of a sponsor power. First, it was a combination of three powers, France, England and Russia. There came a king to Greece, in fact, who was to guarantee in that troubled spot – that very important spot geopolitically – balance and equilibrium with respect to the interest of the great powers. Greece has always been conceived as a halfway house between a colonial status and a free status; this is something with which the Greek has always lived. He has always had full awareness of the fact that, in the end, the face of his nation, the course of his nation, depended on decisions made, to a large extent, elsewhere.

The year 1947 marked the entry of the United States to the Greek scene. In 1947, the Truman Doctrine followed Churchill's speech in the United States where he called upon the Americans to assume some of the responsibility of the British. There was then raging in Greece a very bitter civil war. It was really the first Vietnam, although different in many respects. Fundamentally, it was a confrontation between East and West, Stalin having agreed with Churchill in 1944 that Greece belonged 90 per cent to Great Britain, Rumania 90 per cent to the Soviet Union, Bulgaria 90 per cent to the Soviet Union, and Yugoslavia 50 per cent to each.

The United States was experiencing its first intervention anywhere outside its involvement in the last two wars and its involvement in the Latin American continent; this was its first real experiment. Greece was the first place where napalm bombs were used; the mountain ranges of Greece are quite burned up now in evidence of the discovery of their effectiveness.

I am referring to these things because, although away in the past, yet they set the tone for what followed. In fact, much of what followed will not be understood unless we have such a background. By 1949, the Civil War was over. The United States had contributed massively on the side of the government and involved itself in a total expenditure which amounted to over $3 billion. In those days that was a very large sum, even though it is no longer a large sum for such ventures.

The Greek Governments that emerged after the Civil War were either coalition governments or rightist governments and, especially after 1952, we had a rightist government concerned mainly with growth and stability. During that period, the United States reduced its financial aid to Greece while extending its control of Greek affairs. In the years 1951 and 1952, the Minister of Economic Coordination in Greece could not validate an order or a decision unless it were countersigned by the head of the United States economic mission in Greece.

It was natural for America, having contributed so many resources, to consider the Greek situation as one for which it was directly responsible. It had to make sure that the experiment was a success. It was in 1963, approximately, that a well known economist, who was a friend of mine, observed that there were three successful involvements by the United States in the world: Greece, Israel and Formosa. But the experiment somehow went to ashes in Greece.

What happened? During the 1950's, the Conservative Governments of Greece were emphasizing growth and stability and maintaining an income distribution policy which enhanced the differences rather than diminishing them. By the end of the 1950's, Athens looked more and more like a European capital but the Greek mountain villages looked more and more like communities in the underdeveloped part of Asia. There was a difference of 456 to 1 – striking; and within Athens itself, the difference was equally striking, if not more so. There was no educational reform. Education was limited to the few, to the privileged, and it was an education intended to stultify rather than develop the nation. Administratively, the machinery of government was built, all through the fifties, dependent upon the gendarmes, the informant, the secret service. It was intended to control the Greek countryside to ensure that when and if the Greek people decided to really strike out for a change – a significant change – that a system of power would be in force to guarantee that such a deviation did not occur. There is a film today, a very remarkable film, "Z", as we call it in Greece. It is a film about the parallel governmental machinery and how it operated behind the scenes – what we call "the parallel government of Greece". We do not use the word "shadow government" because it has an entirely beneficent connotation in England.

In 1961, the centrist forces – and by the word "centrist" we mean a coalition of political forces ranging from left but not extreme left to right but not extreme right – formed a broad coalition. This coalition challenged the power of the ruling party, the party that had ruled for a decade (in fact for 12 years), and we had every indication, at the time, that the elections would be good for the centrist forces – for the anti-government forces. There were winds of change blowing in Greece. The combination of the distribution of income, of stultified and oppressive administration, of failure to encourage educational reform, and the partial healing of the wounds of the civil war contributed to a new spirit.

There was a need for action and for change – the need for a new open society. Yet, the elections came, and they left us all shocked and surprised. The government not only maintained its previous strength but in fact increased it. When we looked into the facts for the reason (and it did not take too much looking, at that), we discovered that there had been fraud and violence on a fantastic scale. Even more surprisingly for us, we discovered that this violence and this fraud had infiltrated the armed forces; the gendarmerie and the police force were working together in the execution of a plan – a military plan called "Plan Pericles". This was a military plan for winning the election. It was a plan in which not only Greeks but also Americans had participated. Since I shall talk about this later in connection with the coup, I shall not dwell on this particular story now.

There was beginning in Greece a truly explosive political movement called the "unyielding campaign" with rallies and popular mobilization throughout Greece – every countryside, every spot in Greece, lasting for two years. Finally, the assassination of the leftist deputy, Lambrakis, by the police, by this machine, broke the back of the government's case.

At the same time, Kennedy was demonstrating a sympathetic concern in America and had, at least, relaxed the guidelines for the embassies and the services of the United

States. In 1963 and again in 1964, there were elections in Greece which the centrist forces were allowed to win. I emphasize the word “allowed”. We came to power, George Papandreou came to power, on a huge majority by Greek standards, 53 per cent, and on the basis of a programme, a platform that was progressive and democratic but would not seem to a Westerner at all radical. Yet for Greece, it was terribly radical. There were three components to this platform.

One was that the people must be served in Greece, and this particular slogan was addressed to the King who had been accustomed over the years to rule not within but without the constitution. The second component was that the army belongs to the nation, another important slogan meaning a number of things, which I shall talk about at some length, but essentially that the Greek army was not under the authority of the Greek locally elected government, but was really under the authority of the United States military mission, through the King’s intervention. It was the third slogan that disturbed the Americans no end. It was really a very straightforward slogan. It was, allies, yes; satellites, no. It was a slogan which, with the hardening of the campaign, changed form and became “Greece belongs to the Greeks”.

I remember, at one point, that the American ambassador asked to see my father and me over a question he wanted to discuss, and so he came to lunch. He said that the only thing he wanted to discuss with us was this new slogan. What do we really mean when we say Greece belongs to the Greeks? We said that we thought this was commonplace and he said, “Well it seems to me that you are suggesting that Greece does not really belong to the Greeks, but that we seem to have something to do with it”. We said that such was our impression. He replied that we must be thinking of much earlier years. Now, you know, the United States has really very little to do with Greece. In the times of the civil war, it was interfering, but now it really has no power in

Greece and we should know it. Well, we agreed to disagree on this point – whether America really ruled the Aegean waves or not!

This particular programme, which also had a social component to it, was never really quite organized, but it did carry the support of the Greek countryside, the most unemployed and poor sections of Greece with its hope of redressing inequality and its emphasis on the need for sensitive social policy. It wasn't radical, but it was an important change for Greece. I think that, by social-democratic standards of Denmark or Sweden, we probably would be classed as conservatives.

All of this was too much and we ran into heavy weather on many fronts. I shall start with two stories that really led up to the coup. They have a real connection with the coup.

My first assignment, unfortunately, in the government was to be Minister of State and, as Minister of State, among my varied duties was the supervision of the Greek Intelligence Services. We picked a very decent Greek general who had had a history in the resistance (a very unusual thing in Greece to pick a general with a history in the resistance), and we gave him an assignment to reorganize and redraft and reinstate the Greek Intelligence Services so they would not be keeping files on us, or be tapping our telephones. After a month, he came back and he said to me: "Mr. Minister, it can't be done." I said: "How can this be, don't you know your orders?" He said: "Well, I give orders too but they are not executed." The story he told me was that the Greek Intelligence Services were directly financed and directly administered. When I say directly, I don't mean via government budget; I mean directly by the C.I.A. of the United States.

Next to every Greek operative, there is a U.S. operative. The equipment is U.S. equipment, it is not Greek equipment. "I can't do anything," he said. "If you want to raise the question at cabinet level and take it up with the American Embassy, fine, but I really am helpless." I did take it up with the cabinet. It became an issue. It became very clear that, over this issue, the U.S. was willing to break in a decisive way with our government and, this being the case, we had just about one month in power. Yet, many members of the cabinet felt that sense and reason could prevail, and so it was decided that we should not attempt to make our intelligence services independent or Greek; we should try to live with the situation.

As a matter of fact, I left the Ministry myself later on and went on to become Minister of Coordination – planning, I suppose you could call it – only to find out again that I had to deal with the U.S. Embassy whenever I wanted to renegotiate or discuss a contract involving some particular large American firm in Greece. We had a commitment with the Greek people to renegotiate the Standard Oil contract – the Esso contract – in Greece, which we had termed colonial. We had termed that contract colonial when the preceding government had signed it, and, of course, we discovered that the U.S. Embassy became extremely upset over this description. The officer in charge of the economic section in the U.S. Embassy put a great deal of pressure on us. We did not yield to that pressure, I should say, although it is interesting that he later resigned from the U.S. Embassy and went on to take an important job with Standard Oil.

The third question with which I shall not bore you, because it is a very long one, was our confrontation over the Cyprus question. I shall not become involved in this because it is long and difficult. On the invitation of President Johnson, we had been flown to Washington in the presidential plane to discuss the Cyprus issue, which was critical in June of 1964. We had been told, not asked, to meet and to settle the question of Cyprus once and for all on the basis of a plan known now as "the Acheson Plan" which is a partition of Cyprus between Turkey and Greece. We refused, and when we refused, it became very clear that we had had it in Washington. People were very harsh. They made such statements as the following: "But, if you do not, then we shall not be able to prevent the Turks from using their much superior airforce to burn out your towns and your villages". We had in the end to say to them: "Thank you very much for giving the Turks three to four times the airforce to be able to burn our towns and our villages, because the whole game is fixed here, not there". Who can do what to whom and with what weapons is really decided in Washington, within the Western alliance, not anywhere else.

Our effort to subjugate the Greek military to the authority of the government failed completely and this really was our undoing. We knew that Damocles' sword was really hanging over our head. We knew that popular sovereignty in Greece was considered a threat, a threat to what has come to be known as the strategic interest of the alliance in the Eastern Mediterranean. We knew, therefore, that if we wanted to make good on this programme, which was a programme of democratization, of progressive social policy, and of national independence within the alliance, we had to control the military; but this we could not do. The King refused to go along and, indeed, at some critical moment when we thought we might be able to get ahead it was disclosed that a military conspiracy had been brewing within the army, a conspiracy of leftist officers intending to overthrow the regime, establish a socialist regime without the King, and lo and behold in charge of this military movement was none other than your speaker today.

When this information came out, it looked at first very funny, nothing to be taken too seriously. We were still the government, but within two months, a number of officers had already been arrested and charged with high treason and it was indicated that proceedings would be taken also against civilians, meaning me and maybe one or two others. Much to our amazement, this became a very great story and it became the foundation in fact for the intervention of the army to save the nation.

What we know now, but did not know then, was that the very same people who made the coup of 1967 were the men who prepared this great conspiracy, in order to cut our wings, in order to eliminate our power to change anything within the armed forces, in order to preserve the intelligence services of Greece intact. The King dismissed the Greek Government over this case, even though we had 53 per cent of the people. We were considered suspect. There ensued a period of great unrest in Greece. It is often referred to in the conservative press abroad as the chaos that preceded the military coup.

Well, of course, the constitution had been violated by the King. There had been a spectacular attempt to buy off deputies from our party. There were substantial sums of money used and these sums of money did not come from Greek sources but from American sources. They did succeed in buying no fewer than 50 deputies, enough to give a majority of one vote to a government not elected by the people, but formed behind the scenes.

It was obvious then that we had to take to the streets and to the fields, and we had just one slogan, "Sovereignty in elections". They had hoped – they had expected – that with the charge of this conspiracy, with our ouster from government, this great reformist movement would die out, would peter out, to permit the establishment in Greece to continue without the need of destroying the formalities of democracy. But in fact, it did not work out that way at all.

The Greek movement, spearheaded by the youth for a democratic, independent, progressive Greece took on a force much greater than ever before. It literally became a popular volcano for freedom, national identity and progress. I call this the awakening of the Greek Nation. It is a great period, a period that I would never have missed in my life no matter what the cost afterwards may be. It is an important period when the Greek people became aware of the possibility of really changing the course of their nation as they wanted to. It was a great moment, a great period and it ended in the coup of April 21, 1967.

We all know about the coup. I shall try to put it in a capsule. However, new things are coming out with the passing of time. We did not know all of it. Some of it was hard to believe at first but this we now know. There were two coups being prepared. One was being prepared by the generals and the King. The date set was May 13th. There was another coup being prepared within that coup which was the coup in fact that succeeded April 21 under five men. The five men are Papadopoulos, Roufogalis (you don't hear much of him, but he is still very powerful), Makarezos, Hadjipetrou and Patakos.

Papadopoulos has a very simple history. He was a village boy actually born very close to where my village is, only a few kilometers away. He went into the army, studied some engineering, collaborated with the Germans and was one of the members of an organization "X" that the Germans used to suppress Greek resistance fighters. He has a good record in that organization. He then chose a nice desk job. He became the official liaison between the United States C.I.A. and the Greek Intelligence Services. This was his official post. This is in the books, it is not guesswork. Roufogalis was the personnel officer of the Greek Intelligence Services at the time of the coup. Makarezos was the intelligence officer of the Intelligence Services on the night of the coup. Hadjipetrou, Brigadier, was the head of the NATO missile base of Crete, the most trusted man on NATO's service in Greece. Finally, Patakos was the head of the armored division of the Greek army.

So we know one thing very clearly. Independent of any speculation, the coup came from within the Greek Intelligence Service. This we know. This is fact number one. We do know that this service is an extension, administratively and fiscally, of the C.I.A. This is not a matter of speculation. It is not propaganda. It is cold, unpleasant fact.

Number two, we know that a plan was used – a quite spectacular plan – to carry out this coup. Every Western nation belonging to the Atlantic alliance has such a plan. This is a contingency plan. That is what they are called.

They are plans to handle the fifth column when a war with the Soviet Union breaks out, if it does, but in the meantime they may be very handy for other purposes.

This plan in Greece is called "Plan Prometheus". In France, by accident, I also happen to know the name; it is called Plan "Z".

I do not know the code names of the plans in other countries but one thing of which I am sure – they exist. Another thing I am quite sure of is that the governments need not necessarily know that these plans exist, for our government, I can assure you, did not know that such a plan existed. We did not know the code name. We did not know anything about it. That includes the Prime Minister. This was part of what we call the NATO Military Command which, by now, is quite an independent organization with a network throughout the West and apex in the pentagon at Washington. It constitutes truly and honestly parallel authority involved in domestic and foreign policy and defence matters throughout the West. It has its own propaganda machinery, its own funds, its own candidates for political office, in every country throughout the West. It is the power within the democratic framework of the West that we will have to contend with more so as time goes by.

In the case of Greece, this plan was computerized. The first time this news reached England it was on tapes for computers, tapes made in the U.S.A. They had been revised at colonel level in the Pentagon specifically for this assignment three to four months before the coup. The man who ran the tapes (I suppose that is the technical term) was an MIT graduate in Greece, who was forced to operate them that night. After that he was taken directly to jail where he spent a few months. He is now in Sweden. He has asked for asylum, and he has given us this information.

Those tapes included the names of those to be arrested, their addresses, and the names of those officers who were to arrest those who were to be arrested. The tapes were quite complete. But then the question is: all right, the colonels may have taken these tapes; they were not meant for their use. How can we be sure, or is it important that we be sure of the fact that there was direct involvement in this particular coup via the U.S. services? We cannot be sure. We only have two additional pieces of information that are important, but do not really wholly answer the particular question that I put.

We know that, in February of 1967, Walter Rostow chaired a sub-committee of the National Security Council of the U.S. to examine the Greek problem. We know that present were the members of the C.I.A., the Pentagon, and the State Department. We know that they reviewed the situation, concluded that the Centre Union and the Papandreous, as they put it, would win the coming election in May and that this was against the vital interest of the U.S. Whenever the word "vital" is used, it has a very special connotation. It means that action is really mandatory. Rostow summed it up by saying: "Gentlemen, what we conclude or fail to conclude will set the course of events of Greece."

Now, this information has been leaked out by Marcus Childs. I did see Marcus Childs to find out really how much of the story was provable and I have full satisfaction that it was so.

The other fact that is important was that the sixth fleet was just exactly south of Crete the day of the coup. Not too close to be seen, not too far to be out of range, and it was there in that particular location the morning of the coup.

We also know that, the morning of the coup, there was some confusion in Washington. I believe that the State Department expected a coup from the King and the generals and that the C.I.A. and the Pentagon expected the coup from the colonels.

There was a man who took it upon himself to clear up this confusion, a man who seemed to know. That man was

Cyrus Vance. Cyrus Vance assured the State Department that morning that actually these men were their men and they shouldn't really worry about it.

These are the facts as we know them. They are, I think, quite shaking for all of us, for the Greeks, but maybe not only for the Greeks, for the Europeans as well and I should like now to ask a question. What really can be the reason, the explanation behind the need of the United States to destroy democratic freedom in Greece, to impose on Greece an occupation as brutal and as oppressive as this? What could be their rationale, for in understanding the answer to this question, I think we will understand the key to political developments in this period. We can ask the same question for the East bloc. It is not hard. What was the rationale for the Warsaw coup coming into Prague? Were the Czechs, in fact, about to coalesce with the West and leave the Warsaw Pact? Neither Dubček was about to do that nor were we about to do that. So what was this momentous occasion which calls for one bloc to send its troops. It is to the credit of the Czechs that they did not have Czech uniforms ready to perform the task whereas the U.S. mobilized the Greek uniforms that it had trained, fed, armed, brainwashed, over many years to carry out their task.

I think the answer must be that, for the Pentagon, for the new militarists, what more is necessary than what we common folk think is necessary. We have to begin to understand the nature of this new elite, of the new military elite which seems to hold the key to our future for East and West. What I say is no news to anyone, but I wonder really how much we have taken account of this development. The new military, especially in the metropolis, not in the periphery (and the metropolis in the West is Washington), is a technocrat and is a planner par excellence. He is an international planner. He has to deal with weapons that are quite awesome and he has at his disposal budgets that no military man ever conceived as possible or feasible in the past.

The U.S. now spends 40 per cent of all military expenditures in the world which represents a bagatelle, 9 per cent of its national income. Power, huge power, is available at a moment's notice. Now, this technocrat military manager has to think about security. This is the most important word. Security of what? Security of the nation, I suppose, of the metropolis, of the bloc, it depends. But security just the same and security means aggression and defence. Aggression and defence are interchangeable. It is very hard to know. We used to call the ministries, Ministry of War. It was much cleaner, but we call them Ministries of Defence now.

In any case, given modern technology, it is impossible to think in anything less than global terms. In other words, the world is his oyster. He must not only think of the globe, but he must think of futuristic terms – the 20, the 30, or even the 40 year period is a minimum perspective.

As countries become rarified, they become important positions either for missile bases or for communications or for intelligence. They become discoloured. They have a function on the globe which only he understands. Now, the function of Greece is terribly important. Its crossroads East – West; its crossroads North – South; but more than that, it has very important ports.

Now I shall tell you a story. I am not sure whether you read this story, but a Greek by the name of – I forget the Greek – sent a letter to Senator Symington and asked why were the Americans supporting so openly and clearly this regime in Greece. Symington answered him in a very frank letter that was a page long, a letter which, breaking all rules of propriety, I made public. I thought it had to be made public. This letter said the following. The Sixth Fleet of the U.S. now can find no easy ports in the Mediterranean. North Africa had gone more or less closer to Moscow. Lebanon, as of 1967, did not wish the U.S. fleet. In Turkey, he adds, when our fleet goes there, the youth demonstrates. It is a fact, he said, that the only ports we can use especially for the relaxation of our people are the Greek ports and it turns out that Papadopoulos (this is added) provides the kind of stability necessary for this to go on. And this, dear George, he said, is the reason we must support the regime. When I gave this to the press, with the permission of George, Senator Symington did answer. He said: "I did say these things, I did write them, but I wrote them as Stu Symington, not as Senator of the United States (whatever this may mean). But the blame is all on me, but not on my country."

Such, Gentlemen, is the recent history of Greece. What are the prospects for a return to democracy in my country? As a first step, we must all understand the geopolitical predicament of Greece and the virtually autonomous force of American military strategy. These forces will not readily be reversed. But the torch of freedom has burned for too long in Greek hearts to be permanently dimmed. I hope I have helped you to understand that it must never be allowed to fade completely.

Professor Papandreou was thanked on behalf of The Empire Club by Mr. Graham M. Gore.

OCTOBER 16, 1969

Canada's Indian Policy – A Major Review

AN ADDRESS BY The Honourable Jean Chrétien,
P.C., M.P.,
MINISTER OF INDIAN AFFAIRS
AND NORTHERN DEVELOPMENT

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

It is an unhappy state of affairs when the native people of a great nation are referred to daily by the press and in public discussion as "the Indian problem." It is even more distressing when the solutions to that problem appear so elusive and contentious that indifference readily becomes a seductive drug. Such has been the case for too long in Canada, with the consequence that the withdrawal symptoms must be scrupulously analysed and controlled.

The inheritance of the past, the delicacy of the present and the opportunity for the future are clearly spelled out in the Federal Government's White Paper on Indian Policy. We are told squarely:

> "The weight of history affects us all, but it presses most heavily on the Indian people. Because of history, Indians today are the subject of legal discrimination; they have grievances because of past undertakings that have been broken or misunderstood; they do not have full

> control of their lands; and a higher proportion of Indians than other Canadians suffer poverty in all its debilitating forms. Because of history too, Indians look to a special department of the Federal Government for many of the services that other Canadians get from provincial or local governments.
>
> This burden of separation has its origin deep in Canada's past and in early French and British colonial policy. The elements which grew to weigh so heavily were deeply entrenched at the time of Confederation."

Although the Indian problem has been far from neglected during that period, the significant matter is that the Indian people feel that fundamental opportunity to participate in our society, while preserving their own culture, has been denied to them. That is why the recent White Paper is so important; that is why the responsibility which rests with our speaker today is so heavy; that is why we are privileged to be able to anticipate a major address by the Honourable Jean Chrétien on this subject today.

Monsieur le ministre, permettez-moi de vous acceuillir au Club de l'Empire du Canada et également à ce déjeuner d'aujourd'hui. A cause du fait que nous sommes *le Club de l'Empire*, nous gardons un intérêt majeur dans les affaires du Commonwealth. A cause du fait que nous sommes le Club de l'Empire *du Canada,* nous nous interessons vivement aux questions qui confrontent ce pays. Pour ces raisons, nous partageons un intérêt pour ceux dont la formation culturelle est differente de la nôtre. Comme un ministre de langue française, responsable pour le bien-être de nos indiens, vous êtes doublement bienvenue.

Mr. Minister, may I welcome you to the Empire Club of Canada and to this luncheon today. Because we are *The Empire Club*, we retain a primary interest in the affairs of the Commonwealth. Because we are the Empire Club *of Canada*, we have a serious interest in the issues which confront this country. For these reasons, we share a concern for those whose cultural background may differ from our own. As a French-speaking Minister, responsible for the welfare of our native people, you are doubly welcome.

For reasons which elude me, a person's age is supposed to be a matter of major importance today, with particular reverence paid to the young. Therefore, as one who has just passed his fortieth birthday, it is presumably safe for me to refer to you, Sir, as a young man of great distinction, one who joined the Federal Cabinet at the age of thirty-three.

Mr. Chrétien was born in the great paper town of Shawinigan, Quebec and studied law at Laval University. In 1958, he received his call to the bar and entered the Shawinigan law firm of Lafond, Chrétien, Landry and Deschênes. In those darker days of minority government described in the phrase "The Distemper of our Times", Mr. Chrétien entered the House of Commons in 1963 and was returned in 1965 by the constituents of St. Maurice-Laflèche.

In a short period of time, his exposure to governmental business has been both broad and central. In July 1965, he became Parliamentary Secretary to the Prime Minister and, in January 1966, Parliamentary Secretary to the Minister of Finance. It was at that time when I first had the pleasure of meeting him. On April 4, 1967, he was appointed Minister without Portfolio and, on January 18, 1968, he assumed the rather doleful task of becoming the nation's top tax-collector, as Minister of National Revenue. With the redistribution before the last election, he now represents St. Maurice and, on July 6, 1969, was sworn in as Minister of Indian Affairs and Northern Development.

This has never been an easy office, but Mr. Chrétien arrived at a critical stage in that Department's life, in fact, so critical, that the Department may cease to have life at all. Political circumstance seems to decree a short span for Mr. Chrétien in his political posts. I notice that he has served about six months in each of two Parliamentary Secretaryships and two subsequent Cabinet posts. By statistical inference, he should have moved on to a new assignment by January of this year. Although such a change did not occur, his White Paper was draped in black as far as the future of the traditional Department of Indian Affairs is concerned. When a Minister announces that his objective is to preside over the liquidation of his Department, he must be right; when his Deputy Minister shares that objective in equal measure, there can be no doubt about it.

May I present the Honourable Jean Chrétien, who, paradoxically, may become the greatest Minister of Indian Affairs because he is the last, and ask him to speak to us on: "Canada's Indian Policy: A Major Review."

MR. CHRÉTIEN:

In June, the Government announced its proposals for a new Indian policy. Since then there has been debate and discussion and it continues. There is much speculation about the possible impact of the proposals and the direction in which they point. Today I want to tell you something about the proposals, what led the Government to make them, and where they now stand.

Last year, in July 1968, a series of meetings with spokesmen for each band of Indian people were held. These meetings between Indian representatives and government were well publicized and well attended. They dramatized the position of the Indian people and opened Canadians' eyes to their circumstances.

At these meetings it was clear that Indian people were preoccupied by considerations of their treaties and rights. It was clear that many Indian spokesmen were dissatisfied with their present relationship with government, which they called both paternalistic and bureaucratic. It was clear that the restrictions contained in the present Indian Act had to be changed. It was clear that Indian people wanted to have the same freedom and the same equality which many other Canadians enjoy.

As these meetings were being held, it became clear that Government had been right to initiate them. The Government then decided to respond to what Indian people were saying.

This it did. On June 25th I presented to the House of Commons a series of proposals aimed at the goal of a non-discriminatory society, proposals intended to be discussed with Indian people, provincial governments, and the Canadian public as a whole.

What does the Statement say?

It says that the time has come to change a system which has been discriminatory and paternalistic towards Indian people.

It says that the proposals contained in the policy statement are to be discussed with Indian people, provincial governments and the Canadian public.

It says that provinces should extend the services to Indians that they extend to others who live within their boundaries and that the Federal Government will transfer funds to help them do it.

It says that if the provinces extend their services, and other federal departments extend theirs to Indians, the Department of Indian Affairs would be phased out of operation. After all, Indian Affairs has been attacked by everybody. Who could complain if the Government believed that the critics had meant what they said?

It says that representatives of the Indian people should be involved in discussions with the provinces and the Federal Government.

It says that the Indian people should control their own land.

It says that those bands which want title to their land should be able to take it.

The Statement says that it hopes that the extension of services by provincial governments could be done in five years. It goes on to say that the matter of Indian control of Indian land will take longer. There are 550 bands. There are over 2,000 reserves. An Indian Lands Act is necessary to protect the land. Such an Act will have to be talked about, drafted, made into law and put into effect. This will take longer than five years.

The Statement says that the Treaties would be reviewed by the Indians and the Commissioner for Indian Claims to determine the best way of adjudicating claims arising from them. It says the Federal Government will respect the treaties.

The Statement says that the Government recognized that all Canadians should acknowledge the virtues, strengths, and richness of Indian culture and languages.

The Statement says that the Government would develop, with the Indian people, programs to enrich their cultural heritage and their sense of identity.

The reaction of Indian spokesmen to the proposals has been mixed. Some Indian leaders have told the Government it ought not to move too fast. Others say they "reject" the policy, but agree with many of the specific proposals, and offer constructive suggestions as to how the policy can be amended to better suit Indian needs.

At the root of much of the reaction of Indian spokesmen to the proposals is distrust of government and serious misunderstandings as to what the proposals mean.

Lest there be any doubt, I want to emphasize that the proposals are just that – proposals – to be discussed with Indian people, provincial governments, and the Canadian public. Since June I have heard many Indian representations. I have met with many groups. I have assured them that the Statement does not propose that Indian reserves should be abolished. The Government does not propose to disregard the treaties and end them unilaterally. The Government does not want the cultural identity of the Indian people to be absorbed into the larger Canadian society and thereby lost. It does not propose to "make Indians the responsibility of the provinces". Under the proposals the provinces would assume the same responsibilities for Indian people that they do for others. The Federal Government will transfer funds to help them to do this.

I can well appreciate the reaction of Indian people towards the policy proposals. The proposals represented a dramatic break from the past. Spokesmen for the Indian people have asked for time to consider them and to draft alternative proposals of their own. This is a reasonable position to take, and I look forward to receiving these counter proposals.

The basis for the Government's policy is the firm belief that Canada should be a non-discriminatory society. This is the goal. We are prepared to debate, discuss, consult and negotiate on what flows from this concept and on the time it might take to achieve the goal.

We do not expect to see the non-discriminatory goal reached in five years, or in ten or in any other specific period of time. We are prepared to consider a transitional period which is extended in time, but which is not, however, infinitely long.

There are special needs in poor communities which are isolated from their neighbours, there are special needs in some regions, there are special needs for those who have fallen behind their fellow Canadians. Some or all of these needs will be found in most Indian communities and homes. These needs should be met as well as society can manage. They should be met by agencies specializing in needs, not in ethnic groups.

We believe that non-discriminatory society will make every attempt to meet the needs of its people, who are behind their fellows because they have a claim to help, and their need must be recognized. But I cannot see why one government should concentrate on an Indian community, while another concentrates on the Métis community adjoining it. We must meet both groups' needs and meet them better than we have up to this time.

I think that to have a Department of Indian Affairs is wrong, because we run a government within a government for a small group of citizens stretched from one end of the country to the other. In many fields, such as education and welfare, the provinces are better equipped to provide the services to Indian people. And I believe it is only reasonable that Indian citizens should benefit from this greater expertise which we in Ottawa have tried to duplicate under the present system.

We believe that a non-discriminatory society can accommodate different ways of holding and controlling land. Some people own land in their own names. Some hold land through corporations or partnerships. Some hold land in communal possession – such as the Hutterites. We believe that the Indian people can control their lands and ultimately own them without prejudicing their desire to have the lands remain Indian. The feeling Indian people have for their land is as strong as the French-Canadians' feeling for the French language. This feeling must be respected. The land must be protected. That is why we propose to have an Indian Lands Act which will continue and indeed enhance Indian control of their land by first transferring it to them in law and adding special safeguards.

Some of you may ask what is wrong with the present system of land management? Well let me tell you how it works. First the Band Council decides that it wants to do something constructive and reasonable with a piece of its land as many of them do. They pass a Council resolution which they hand over to the Department's Agency office. It is sent from there to the Regional office. The Regional people, anticipating that their superiors in Ottawa will ask questions, attempt to outguess the Head Office and ask questions themselves. Back it goes to the Agency and back to the Band. The Band get another meeting organized. They answer the questions and put the proposal back into the mill. It goes to the Agency, to the Region and it finally reaches the Head Office – where the lawyers get at it. They ask more questions that the region had not thought of. Back it goes. Eventually all the questions are answered and it comes to me. I look at the date and find it is over a year old.

I complain, but I find that all the questions were reasonable if you consider that I am the trustee and could be held to blame if they had not been asked.

The fact is, the position of a trustee is never satisfactory to the beneficiary or to the trustee himself.

When the Indians want to make a lease and we think it is a poor deal, but they insist they want it, we finally agree – after all it is their land. Then ten years later they come back and say we should not have let them do it. I think anyone under a trust would do the same.

The fact is that between the byzantine maze of administrative necessity and the Indian Act, there is a solid confusion that cannot be overcome except by giving the Indian people control of their land. A control with protection if they want to be protected, but surely not to the present extent. Under the Indian Act there is no escape from the maze. The red tape jungle was built into the Act to protect the Crown – the people of Canada if you like, from the dangers inherent in trusteeship and to protect the Indians from being hoodwinked out of their land.

What the government is saying now is that there are better ways of protecting the Indian land without placing the Crown in the position of having to second guess Indian people who are responsible enough to administer their own affairs.

You would not believe the difficulties of being a trustee for six million acres of land divided into 2,200 parcels and occupied by 550 bands, unless you have been in my position. And I say that it has to end.

Canada does not need the present Indian Act. It needs some legislation to achieve desirable ends, such as protecting Indian land from exploitation, legislation which will allow the Indian people to be treated as the adults they are, not as the children that past legislation assumed them to be.

Under the present system you would not want to try to lease Indian land unless it were especially attractive. You would not want to be in my position and you would not want to be in the Indian Band Council's position either.

The present system is a hindrance to development and frustrates the initiative of many Indian bands. It must change.

We know that these proposals are not magical solutions to the problems of Indian people. We know, as well, that if an effort is not made to change the present system under which Indian people live – separate legislation, separate land system, and separate administration – little progress will be made in breaking the pattern of separation and discrimination which has plagued Indian people for so long.

Whether we like to admit it or not, Indian people have been living in a kind of apartheid – living apart, separate from other Canadians. Too often, when they come into the cities, Indian people are not welcomed. Too many people ask why they have come, and say that Indians really belong on the reserve. Indians are governed on the basis of race, while other Canadians treat Indians on the basis of race, when what is needed is for both government and Canadians to treat Indian people for what they are – human beings, Canadian citizens.

That is why the statement of the Government says that the goal of non-discrimination can only be successful if it has the support of Indian people, provincial governments, and all of the Canadian public. For this kind of discriminatory attitude exists in Canada. It is present in too many Canadian cities. And it must change if we are to remove the blight of discrimination from the face of our country.

For too many years Canadians have neglected Indian people. They were unaware of their contribution to Canadian history. They were unaware of their desires. They were unaware of their problems. They were unaware that Indian people are as capable as other Canadians in managing their own affairs.

The Government's proposals are designed to end the isolation of Indian people from the rest of Canadian society. In terms of government this means that Indian people should receive services from the same agencies as other Canadians. It means that where there are special needs in poor communities, that these needs should be met. But they should be met by agencies specializing in needs, not in ethnic groups. In terms of Canadian society, it means that a whole array of private institutions, previously closed, must now become open to the Indian fact.

It is Canadian business which has jobs to offer Indian people. It is Canadian society which must break the barriers of misunderstanding and discrimination. These problems cannot be solved in isolation. Everyone has a part to play in opening the doors of opportunity to Indian people. Doors which have been closed for too long.

The Indian people need jobs and income. They need training and assistance. Government can do the training, but business has the jobs.

In Calgary the oil industry and the Department have a joint committee to identify future job opportunities in the North. Government undertakes training of Indian and Eskimo people to try to have the trainee and the job arrive on the work site together.

Other industries – particularly the forest industry, the mining industry and others operating in areas where there are Indians, should look at what is being done in oil, and ask themselves whether they should not take a part. We will welcome your proposals. You are the ones who know where the opportunities lie. Tell us and the Indian people. *We* will do our part. But the business community has a responsibility to do their part as well. We must be involved together.

I could go on longer, for this is a complex situation with many aspects. But you have heard enough for today.

Think about this situation and ask yourself these questions:

How proud are you of legal discrimination in Canada?
What choice does Canada have?
What can you do, as citizens and businessmen to help to make the situation right?

I would like to hear your answers. Thank you for your patient attention.

Mr. Chrétien was thanked on behalf of The Empire Club by Mr. Peter Hermant.

OCTOBER 22, 1969

The Duke of Edinburgh's Award Scheme in Canada

AN ADDRESS BY His Royal Highness the Prince Philip,
Duke of Edinburgh,
K.G., K.T., G.B.E., P.C.

CHAIRMAN Major General George Kitching

A Combined meeting of the Canadian Club of Toronto, The Empire Club of Canada and the Rotary Club of Toronto

INTRODUCTION Mr. Ian F. Cowie, a Gold Award Winner under the Duke of Edinburgh's Award Scheme

MR. COWIE:

Your Royal Highness, your Honour, Ladies and Gentlemen:

It is a great privilege and a great pleasure for me to have this opportunity of introducing His Royal Highness, the Duke of Edinburgh today – and I would like to thank you, the Members of the Empire Club, the Canadian Club and Rotary Club for making it possible.

Your Royal Highness, your interest in young people and the confidence you have in us are well known and will always make you welcome amongst us.

We are only sorry that visits such as this must take you away from Her Majesty the Queen and your children and we would ask you, on your return to Britain, to pass on our loyal greetings and our love to Her Majesty the Queen.

Your Royal Highness I am proud to introduce you to this Meeting.

PRINCE PHILIP:

I am very grateful indeed to the Empire, Canadian and Rotary Clubs for this chance to tell their members something about The Duke of Edinburgh's Award Scheme.

The Scheme is not very well known in Canada for a variety of reasons, in fact I wouldn't be surprised if the majority of you here had never heard of it until you found yourselves coming to this lunch.

Before I try and describe the way in which the Scheme operates I think I had better give you a very short history of it and a few statistics.

This may strike you as doing things backwards but it seems to me that it may be easier for you to understand how it works when you have some idea of its scale. I am, as it were, showing you the whole automobile first before taking you for a drive to see how it goes on the road.

It was launched 13 years ago by a committee of which I was Chairman. Sir John Hunt, now Lord Hunt, the man who led the successful Everest Expedition, was a member of the committee and then took on the job of full-time Director of the Scheme. We ran it for three years on an experimental basis with the help of the major youth organizations.

It started as a Scheme for boys but within five years we had to devise a similar Scheme for girls to satisfy popular demand. This year we joined the two Schemes together although certain parts are reserved for boys and others for girls.

At this point I think I should make it clear that the

Award Scheme is not a youth organization in any sense. It is conceived as a service to youth organizations and as a balanced and progressive programme for anyone who wants to use it.

The Scheme grew fairly rapidly in the initial years but recently entry has tended to level out and in Britain there are on average 56,000 new entries each year and the average total of people taking part in any one year is about 114,000. About 25,000 awards are gained annually. Not every entrant stays the whole course for one of the three standards of award and even fewer work their way through all these awards.

The accumulative totals of all awards gained to date counting all the countries taking part is about 257,000 of which some 31,000 are at the Gold level. This is out of a total entry of some 630,000.

Apart from Britain the Scheme is in operation in seventeen Commonwealth countries and similar schemes under different names are functioning in two other countries. It has been operating here in Canada since 1963 and it started in Australia and New Zealand in the same year.

I won't bother you with the administrative structure of the Scheme in Britain. In Canada the Scheme is set up under a National Council of which the Governor General has very kindly agreed to serve as President with the day-to-day management is in the hands of an Honorary National Co-ordinator, Major General Kitching, who accepted my invitation to serve in this capacity, and the Executive Secretary, Commander Manson, who is fully engaged in the administration of the Scheme.

In the first year of operation in Canada there were about 600 entries; last year some 4,500 young people were involved, more than half of whom were boys. Last year thirty Gold Awards were gained, this year it is already 169.

Now that you have some idea of the physical size and scope of the Award Scheme and its organization I will try and give you an outline of what it's all about.

The concept of the Scheme is relatively simple.

In the first place academic education, and by that I mean classroom work, is not sufficient preparation by itself for a satisfactory adult life. Furthermore, adult life does not consist entirely of working for a living. There are other things to be discovered.

Secondly, young people change their attitudes very drastically at about fourteen. Things which satisfied and amused them when they were younger no longer interest them. They want to be adult and they want to join the adult world. For various reasons youth work in general was concentrated on the under fifteens.

The Scheme was therefore designed to fill this gap between fourteen and full participation in the adult world.

Thirdly, the increasingly crowded conditions of life in the big industrial complexes makes it virtually impossible for parents, and in many cases schools, to introduce young people to the immense variety of interesting activities which are there to be done.

In order to achieve this we divided the extra-occupational activities of adults into five sections.

First, there is Voluntary Service,

Second, there are Leisure Occupations and Pursuits,

Third, there is Physical Fitness,

Fourth, a purposeful Expedition and the

Fifth section covers roughly anything else which doesn't fit into the other four and goes under the title of "Design for Living".

Each section is composed of a large number of alternative subjects each with its own syllabus and the standard to be reached. To gain an award, all that needs to be done is to select one subject, or group of subjects, in four out of five sections, follow each syllabus and then convince the assessors that you have reached the necessary standard of proficiency.

Let me give you an example. One of the many subjects in the Public Service section is First Aid. The syllabus for this is set by a qualified organization such as the Red Cross or St. John's Ambulance Brigade who may also provide the instructor and the assessors. The same thing happens for fire-fighting, life-saving or various kinds of social work.

In the Hobbies and Pursuits Section there is a range of 200 active and passive, sporting or intellectual subjects from which to choose. Say the choice falls on stamp collecting; the Award organization will find someone who knows enough about stamp collecting to help the candidate complete the syllabus and someone else to act as assessor.

In the Fitness Section, the choice is between various combinations of field and track athletics, swimming and various gymnasium-based physical efficiency tests. In this case all the standard times and distances are laid down. This is an optional section for girls who may choose a subject from "Design for Living" instead.

In the Expedition section a suitably qualified person either individually or from a club or youth organization instructs in light-weight camping, map-reading and cooking. He also arranges one or two practice expeditions and eventually sees to it that the full expedition is properly checked out. In this section there are different conditions for boys and girls but in both cases the expedition must have some declared purpose and may be done on foot, by canoe, on horseback or by bicycle.

The Design for Living section offers a very wide choice of subjects particularly suitable for girls and it includes everything from baby-care to home-nursing.

Quite naturally there is a wide difference in the capacities of boys and girls of fourteen and young men and women of twenty-one. To allow for this the Scheme is divided into three standards based on the average capacities of boys and girls of fourteen, fifteen and sixteen. Candidates must be over fourteen to attempt the Bronze standard, over fifteen to attempt the Silver standard and over sixteen to attempt the Gold Standard. There is an arbitrary upper age limit of twenty-one in each case. There are of course special conditions for the handicapped.

That, except for a few details which I won't bother you with, is all there is to it.

Now let me just make a few comments on the whole thing. The Scheme can be used by anyone or any organization, it is not a youth organization itself. In fact we have gone to considerable trouble to allow the Scheme to be adapted for use in all the uniformed youth organizations, in most cases making use of their own badge systems.

As in all things to do with young people, leadership is vital. Success in gaining awards depends more than anything else on the enthusiastic encouragement of adults and particularly on the people who take on the task of helping and advising the young throughout the Scheme. The more adults who take an interest in any part of the whole Scheme, the more awards will be gained. There is no lack of willing young people once they know what is expected of them and as soon as adult help is available.

All this rather suggests that young people do nothing unless urged and led. This is very far from the truth. A great many of them are in fact doing everything that is required of them in the Scheme without realizing it. When these people enter for the Scheme, the awards are really a recognition and an encouragement.

As the figures I quoted indicate, there is a high proportion of drop-outs. This is not quite as serious as it might appear because it turns out that quite a large number become so deeply committed to a subject in one of the sections that they give up the rest of the Scheme in order to concentrate on this one subject.

I count this a success for the Scheme as these young people have probably come across something which is going to give them increasing pleasure and interest for the rest of their lives. It has not been unknown for young people to decide on their future career as a result of their experience in the Award Scheme.

No membership of any organization is involved either before, during or after undertaking the Award Scheme. It can be done by anyone individually or through whatever organization they belong to. However I must add this: everyone who has had anything to do with the Scheme has been delightfully surprised by the number of Gold Award winners who have offered their services as helpers and instructors either to their own organizations or to anyone operating the Scheme.

They are in fact providing that vital leadership.

This is the most heartening feature of the Scheme and for this alone it is worthwhile.

If anyone were to ask me which feature of the Scheme I considered most important, I would have no hesitation in saying the Public Service Section. This provides a real and valuable encouragement and opportunity to become involved in some form of voluntary service. It provides a chance to participate in serious adult work and this is most important for the well-being of any community.

This sounds easy and obvious in principle but in practice we found that it was not quite so simple. We were amazed to discover how many first aid, rescue and social aid organizations refused to admit that youngsters of sixteen could be trusted or trained to be of any use. In the end most of them agreed to give it a try and I know of none who have been disappointed. Most of them indeed discovered to their astonishment that these young people showed as much, if not more, enthusiasm, concern and responsibility than many adults.

You will notice that there is no element of preaching in this Scheme; its philosophy is simply participation. It is severely practical and no-one need feel morally, politically or in any other way compromised because they have gained or attempted to gain an award. The awards themselves are simply certificates and the right to wear a small badge, but these things are purely symbolic. They are really only personal reminders of a personal achievement.

As so often happens it is not the direct results which are necessarily the most important. In many cases the side-effects can be just as significant. One of the side-effects of this Scheme has been to bring into contact many adults and young people purely on the basis of sharing a common interest and enthusiasm for a particular activity. It is this sort of contact which breaks through the generation gap because for once these adults are neither parents nor teachers.

It simply doesn't matter how many years there are between two people who enjoy fishing, playing chess or doing voluntary duty as life-savers. This contact is frequently the first step to membership of an adult club or society.

I have tried to explain the bare bones of the Scheme, and I am aware that this is bound to be a little dull and uninspiring. To get the full flavour and excitement you have to witness a display of award activities put on by the youngsters themselves. I have seen many such displays most recently in St. John, New Brunswick, Cartierville, Ottawa and Peterborough.

It is at those displays that the whole thing comes alive and you begin to get an idea of the ingenuity and enthusiasm and competence of these young people. I am constantly being surprised by the variety of things they choose to do and by the standards they achieve. If you are feeling a bit jaundiced by the actions of some of the young, one of these displays is a complete and thorough cure.

Now before I sit down I want you to meet a few young Canadians who have gained the Gold Award and tell you what they did to qualify. You can then judge for yourself the quality of these young people.

I don't claim for a moment that this Scheme of Awards is either the best or the only answer to all our problems. I only claim that in operation it has achieved a considerable measure of success with those who have entered for it, and it has gained considerable support among adults most closely associated with its operation. It is no "patent-medicine" type cure-all; I think it might be better described as another, and I believe reliable, plank in the bridge leading from adolescence to a full and rewarding adult life.

His Royal Highness, the Prince Philip

was thanked by Miss Nancy Clarke, a Gold Award Winner under the Duke of Edinburgh's Award Scheme:

Thank you, your Royal Highness, for being with us today and for speaking to us.

This has been a wonderful occasion for everyone in this room – but particularly for the eight of us who have taken part in your Award Scheme in Canada and who have been honoured by you at this luncheon.

As a small token of our respect and admiration for your leadership and your interest in young people, I would ask you to accept a small gift from us.

It is a goblet, designed especially to commemorate the Investiture at Caernarvon of your son as Prince of Wales.

Your Royal Highness, I would ask you to accept this gift with the love of the young people of Canada who are taking part in your Award Scheme.

OCTOBER 30, 1969

What Price for Price Stability?

AN ADDRESS BY Dr. John Young,
CHAIRMAN OF THE PRICES AND INCOMES COMMISSION

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

When Oscar Wilde defined a cynic as "a man who knew the price of everything and the value of nothing," he was presumably commenting on a society which ranked economic returns higher than artistic achievements. However, he attached insufficient weight to the fact that few people will acquire anything of value without paying some price and that price is a highly effective measure of worth. As one sardonic and unrepentant capitalist is reported to have said: "Money isn't everything, but it will buy a lot of Cadillacs and yachts to go looking for happiness in." Moreover, in an industrial society, even the traditional free goods require a price to ensure their pristine purity. It costs our nation millions to retain air that is fit to breathe and water that is safe to drink. It even costs money to get to the countryside to take a free walk, and, of course, few "old masters" are given away by the art galleries.

Prices are key ingredients in the process of buying security, of securing a better standard of life, and of living within our means. Surely, these goals of security, an improved standard of living, and living within one's means are particularly relevant to the people of Canada. This country was not only founded, but continues to be developed, by people seeking some assurance that the rewards of hard work will not be swept away by the floods of inflation, floods which have periodically engulfed so many older currencies.

These are among the reasons why inflation is such a significant word today. Whether it is defined as "too much money chasing too few goods", or "wage increases outstripping productivity growth", or "the pull of demand exceeding the capacity to produce", the fact remains that it has the effect of reducing purchasing power and diminishing the appetite for fixed-income securities. Many of us now understand, more sympathetically than ever before, the plight of those traditional textbook casualities of the inflationary wars – widows and orphans.

I shall leave for Dr. Young's consideration the question whether economic slowdown will dampen the fires of inflation and, thereby, remove our problem. What, then, is to be done about inflation? Ignore it, immunize ourselves against it, or control it directly? Preach against it, picket it, or succumb to it? For a start, we have the Prices and Incomes Commission. Canada is not exactly a pioneer in the creation of a quasi-governmental body on prices and incomes, but we have chosen a form in a pragmatically Canadian style – a Prices and Incomes Commission that is to find its own "modus operandi"! As a result of the announcement two days ago concerning the steel industry, the Commission has already embarked upon a course which will not readily be reversed.

We have also chosen an economist who is particularly well-suited to be its first Chairman. Not only are John Young's credentials exemplary, but his attitude could not be improved upon for a task such as he now faces. During the formal beginnings of economics, the subject was known as "the dismal science" as a consequence of the rather gloomy predictions of T. R. Malthus about the population problem. From long acquaintance, I can assure you that Dr. Young is perennially cheerful and always optimistic.

Dr. Young left an important position as Dean of Arts at the University of British Columbia on July 1, 1969, to become Chairman of the Prices and Incomes Commission. I trust that he did so not in any sense of repentance that education was contributing unduly to public expenditure and, thereby, to inflation. Certainly, he represents a fine example of the economic value of education, for he belongs to that distinguished company of World War Two veterans who had left school to work in the depression and then went to university after the War. In John Young's case, his story is that of a young man who was a clerk with the Bank of Toronto from 1938-40 in his native Victoria and later earned a doctorate from the University of Cambridge in 1951.

During 1940-45, he served as a pilot with the R.C.A.F. in Canada and Newfoundland, retiring as a Squadron Leader. Undoubtedly, he used that experience to learn how to navigate through storms and turbulence such as he must have experienced as Dean of Arts at the University of British Columbia and now faces in his present position. Presumably, he also recognizes what can be considered an acceptable ceiling, he must know how best to approach a target for a safe landing, and he should understand how to bring the machine back to earth without undue shock and without swerving off course. Each of these skills will be just as severely tested in finding a means of battling inflation and in piloting our price system.

Dr. Young was on the staff of Yale University from 1953-60 and, since 1960, has been Professor of Economics at the University of British Columbia in addition to his administrative duties. He wrote an important study for the Royal Commission on Canada's Economic Prospects in which he produced a much-quoted opinion that the Canadian tariff added 3.5 per cent to our cost-of-living, an early indication of his concern for the Canadian consumer. He must also have felt a sense of poetic irony when the former bank clerk became Assistant Director of Research for the Royal Commission on Banking and Finance.

I shall not impose on your time, Gentlemen, to describe his numerous writings and other activities or to inflate this introduction further. Dr. Young is a first-class product of our economic system, one who knows the price of everything and is, for that very reason, of great value to Canada at this time. I am delighted to introduce him to you and to ask him to speak on the subject: "What Price for Price Stability?".

DR. YOUNG:

It is always risky to put a question mark after the title of a speech – somebody always expects the question to be answered. You will see, however, that while I can offer some thoughts on the alternative answers to this question, the choice among these answers is one that can only be made by the Canadian public.

What price, then, must we pay for price stability?

What will it cost us individually and, as a nation, to bring the present inflation under control?

And once this inflation has been brought under control, what would it cost us over the long run to stay out of the next inflation, and the next inflation after that?

Would we get any lasting economic benefit from letting the value of money shrink by an average five per cent a year for a decade or two, that we couldn't get if we managed to keep the value of money reasonably stable over the same period?

If our aim is to maximize the growth of production over the next twenty years, is the best strategy to embrace inflation ardently, to fend it off half-heartedly, or to fight hard to control it?

Many of you whose experience has included some personal knowledge of countries which have been plagued by large and continuous price increases may well feel that the answer is obvious. In many of these countries inflation not only provides little apparent benefit, but also causes a host of difficulties as people strive to adjust their behaviour to a standard of value which changes at varying rates.

This evidence has, however, not been found compelling by many economists, and there continue to be endless debates on the costs or benefits of reasonable price stability over the long run.

The interesting thing is that no one has been able to come up with very convincing arguments or evidence to lead to the conclusion that the long-run growth of output is likely to be any higher with large and continuous price increases.

This is not surprising. Once people have learned to expect what is likely to happen to the future value of money and have adjusted their economic behaviour accordingly, it is hard to see why the course of events in the real world of production should be in any way improved. Moreover, if, as has happened in many countries, the domestic rate of price increase exceeds that of the rest of the world, then, with a fixed exchange rate system, the country concerned goes through a series of balance of payments crises and devaluations, with the disruptions which accompany these events. Some have thought that these difficulties could be avoided by a continuously depreciating flexible exchange rate, but the uncertain consequences of such a system on trade and capital movements cannot be taken lightly in a country such as Canada.

If, then, taking one decade with another, a condition of reasonable price stability provides a level of well-being as high, or higher, than that attainable with inflation, why talk at all about the price for price stability?

Unfortunately, one cannot always take a long-run view of human affairs. The famous economist, Lord Keynes once pointed out that in the long run we are all dead. This reflects an attitude towards economic policy which is by no means always appropriate, but it does remind us that at any point of time we cannot ignore the short-run consequences of our actions.

This is particularly the case when the problem is one of bringing an entrenched, pervasive inflation under control.

The present inflation is not a recent phenomenon. It has been with us for over four years and has developed a considerable momentum. It has occurred in a period when the economy has enjoyed an unbroken period of economic growth for almost a decade.

In the early years of this expansion, prices were relatively stable as the economy absorbed unused capacity and unemployed workers. The consumer price index increased at an annual rate of about 1½ per cent during these years and, as is usual in such a period, productivity rose at an above-average rate.

Since 1965, things have been different. As the economy reached or exceeded capacity in some sectors and regions, prices and money incomes began to rise rapidly. At the same time, the rate of productivity growth declined as the gains from more intensive use of under-employed resources were no longer possible.

The results of this process can be illustrated by a simple example. Over the four-year period ending in 1964, "take home" pay per person employed in Canada (that is, wage and salary earnings after income tax deductions and social insurance contributions) rose on average by about $120 a year. Over the subsequent four-year period of substantial inflation ending in 1968, the average annual increase in take-home pay was considerably larger – about $205 per year.

The fact that the money incomes of wage and salary earners rose more rapidly during a period of inflation does not mean that the real purchasing power of these incomes rose any faster. On the contrary, the more rapid rise in consumer prices quickly cancelled out most of the real benefit from larger pay increases. If we measure take-home pay in 1961 dollars of constant purchasing power, we find that the average annual increase in real take-home pay during the four inflationary years ending in 1968 was only about $52 – somewhat less, in fact, than the average real increase of $67 annually during the previous four years.

The basic point I am trying to convey here is that any increase in average real income per head in our economy depends entirely on the average increase in productivity – that is, on the growth of production per head. If the increase in average money incomes outstrips the increase in average productivity, prices must inevitably rise enough to cancel out the difference.

How can the present inflation be brought to an end?

Much of the answer must continue to lie in the application of the traditional remedies – monetary and fiscal restraint of the kind being used in both Canada and the United States today.

The central bank must keep a tight rein on monetary and credit expansion and let the scramble for funds drive interest rates to high levels.

Governments must prune their budgeted expenditures and increase their revenues through higher taxation.

The combined effect of these policies is to squeeze the main sources of private spending and to relieve the pressure of demand in markets for goods and services.

In areas of the economy where markets are highly competitive, any substantial weakening of demand is likely to have an early deterrent effect on price increases. In our economy, however, many markets are insensitive to short-run changes in demand, and prices may continue to be marked up for some time, even though sales volume, production, and employment have ceased rising or begun to fall. In part, this is because continuing increases in labour, material and other costs are likely to be squeezing profit margins, and firms may be seeking immediate relief by raising prices where they feel they can. Firms will also be under pressure, of course, to slow down the rise in their costs, and in particular, to resist more strongly the wage and salary demands of their employees.

In the end, a policy of fiscal and monetary restraint will have the desired effect of stabilizing the price level, but, by itself, such a policy is likely to be rather slow and costly in its working. The basic reason for this lies in the degree of resistance which business concerns and wage and salary earners are able to put up in the face of market pressures to accept smaller increases in their money incomes than they have become used to. So long as prices and incomes continue to rise strongly in the face of a weakening of demand, there is no way of avoiding adverse side-effects on sales, production and employment. But without some weakening of demand, there is no way by which the rise in prices and costs can ever be brought under control. That is the dilemma we face today.

Some have expressed doubts about the desirability and effectiveness of a programme of fiscal and monetary restraint.

The Commission does not share these views.

We are firmly of the view that the present inflation should be brought under control, and until there is strong evidence to the contrary, believe that the traditional methods will work if carried through with sufficient vigour and persistence.

It is evident, however, that no one welcomes the consequences which may flow from the use of fiscal and monetary measures alone.

That is why, from the very outset of its work last July, the Commission has been exploring as a matter of urgency possible ways of reducing the potential loss of production and jobs as inflation is brought under control during the period immediately ahead.

What we have been looking for is some means of bringing a direct influence to bear on price and income decisions, an influence beyond the indirect one of softer market conditions. If the recent rate of price and income increase could be scaled down through some such means more readily and rapidly than seems likely as a result of market forces alone, fiscal and monetary restraint could be made correspondingly less severe and protracted.

Accordingly, the Commission decided to embark on a series of intensive exploratory discussions of a programme of restraint with representatives of business, agriculture, trade unions, other groups, and with the federal and provincial governments. It seemed to us that the best hope of securing voluntary co-operation in restraining price and income increases was to begin by examining the feasibility of a comprehensive programme, and to do it with the active participation of those affected.

The restraint programme we had in mind would have relatively modest economic objectives. It would be of limited duration, beginning as early in 1970 as possible and expiring at some time during 1971. It would aim at achieving a significant reduction in recent rates of increase in prices and incomes, but not a complete freeze.

We have now held more than a hundred meetings, both large and small, in which the possible contents of such a programme have been discussed. It is evident that, although there are numerous practical difficulties to be overcome in working out any meaningful programme, there are also various forms which such a programme could take, some of which look more workable than others.

It seems clear that, if one thinks of a programme which is tightly drawn and intended to cover as wide as possible a range of prices and incomes, it becomes difficult to avoid considering supplementary governmental measures in areas of the economy where it is not feasible to seek voluntary commitments.

It was evident from the start that we would be very lucky if we discovered any quick or easy solution to so puzzling a problem, and you will have heard that we have encountered difficulties. But we have learned a great deal from our discussions to date about where the possible answers may lie, and we hope to learn more from discussions which are taking place now.

The suggestion has been made from time to time that the Commission could exert a restraining influence by intervening on a piecemeal basis in particular price and income situations. It has been our view that before any attempt could be made to decide whether a wage, salary or price increase was justified, it was necessary to have a set of rules defining what, in fact, was justified. This is what we have been trying to work out, but have not yet achieved, in the various discussions in which we have been engaged. At this time, therefore, the Commission does not feel in a position to render a judgment on what is, or is not, justified in a particular case. Under conditions of general inflation and in the absence of announced criteria for justifiable behaviour, it would be manifestly unfair to select any one union or any one industry and rule that actions which have become typical are contrary to the public interest.

What is not unfair, and may be helpful, is to illustrate for the public as a whole one of many examples of how an entrenched, pervasive inflation is reflected in the wage and price behaviour of one among many industries. With this objective in mind, the Prices and Incomes Commission has decided to undertake as of today a fact-finding study of price, wage and other cost increases in the Canadian steel industry.

If the Commission should meet with success in its search for agreement on a set of criteria defining justifiable behaviour – even a more limited set of criteria than has been discussed up to now – the Commission would be prepared to examine particular situations and to make such judgments. But such agreement has not been reached yet, and indeed many have wondered why we have continued to press on with our efforts to find some consensus among the main economic interests in our society.

The reason is a simple one that takes me back to the title of my speech. What price for price stability? The Commission believes that the price of restoring price stability over the period ahead may turn out to be – but certainly doesn't have to be – an unnecessarily high one. There are thousands of jobs and millions of dollars' worth of production at stake.

Clearly, there is more than one way of coming at the problem, and it would be foolish to pursue any particular approach to the exclusion of all others. Any course of action which is intended to have constructive and practical results, however, will have far greater chances of success if it commands widespread acceptance in the community and enlists the active co-operation of as many Canadians as possible.

That is the spirit in which the Commission embarked in the first place on its search for a less costly way of bringing inflation under control, and that is the spirit in which it is continuing its efforts now.

Dr. Young was thanked on behalf of The Empire Club by Mr. R. A. Robertson.

NOVEMBER 6, 1969

Helping the Mentally Retarded

AN ADDRESS BY Mrs. Joseph P. Kennedy

Dinner Meeting with Ladies

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

Ladies and Gentlemen, we have embarked on a rather different approach to the normal proceedings this evening in the belief that many in this room will not be fully aware of the remarkable progress that has taken place in the encouragement of the mentally retarded. There is no one who is more responsible for that progress than Mrs. Joseph P. Kennedy.

However, before introducing Mrs. Kennedy and asking her to describe her thoughts and feelings, we would like you to see some films based on the Olympics for the retarded in both Canada and the United States. I am convinced that, when you have seen these films, you will be personally touched and impressed by the vision and faith of those who have guided this work – and, not the least, our gracious visitor, Mrs. Kennedy.

First, we will see a film clip based on the first official Canadian Hockey Olympics for Retarded Children, held in Toronto this spring. This film was shown recently on the Hockey Canada Network. That will be followed by a film of the first Olympics for Retarded Children held in Chicago and narrated by Mr. Rafer Johnson, the American Olympic Decathlon champion.

MR. MACDONALD:

When a new president of the Empire Club settles down in the summer to survey the year ahead and to contemplate his responsibility for arranging thirty public meetings, he expects tribulation mixed with triumph and exultation diluted by disappointment. Let me say, however, that my feelings soared to Olympian heights one hot August afternoon as the result of a telephone call from Hyannis Port, conveying the news that Mrs. Kennedy would come to the Empire Club this evening. I cannot describe how happily I have anticipated this occasion, no more than I could begin to measure, in words, the warmth of welcome which we, who are in this room tonight, feel for you, Mrs. Kennedy.

The Empire Club is a significant institution in the life of this city and, I believe, in the affairs of this country. An empire is a supreme and wide dominion and, whereas the Club's name is derived from a political concept, it has provided a forum for public discussion and stood for the empire of thought and feeling throughout sixty-six years. This year, mingled among our political, economic and financial topics, you will find that we are seeking to explore matters of pressing human concern related to the individual, his world, and his self-fulfilment. In our empire, which genius and technology have now extended outward to the universe, we are concerned about the individual and the opportunity to be our brother's keeper.

That is the essential reason why we were so anxious to invite you, Mrs. Kennedy, to be with us tonight, and I would add not only for what you have taught us about individuality, but also for what you have done about it. The cynics and the astigmatic, whose horizons may be limited to the blue glow of a television-tube, speak of the post-Christian era and would assign all public service and human compassion to corporate or state bureaucracies. Such resignation and disinterest was parodied brilliantly by the English novelist, Evelyn Waugh, when he had one of his characters declare, rather irreverently, in mock prayer:

"Now I lay me down to sleep,
I pray the State my soul to keep,
And should I die before I wake,
I pray the State my soul to take."

Surely, those who are our guests at the Head Table this evening, and above all you, Mrs. Kennedy, have demonstrated a fundamental faith in the human spirit and the importance of personal concern for individual welfare. In your devoted efforts on behalf of the mentally retarded, you have constantly reminded us that it matters less what people do than what they are, and that what should really matter is the opportunity for participation and self-fulfilment.

Mrs. Kennedy, I know that you have never deviated from that belief. You and your husband have been parents to a beloved President of your great nation and an Attorney-General, each of whom served as a Senator, to be followed in turn by a third member of that great body. However, you have also given a mother's love to a much wider constituency, a constituency of children whose hopes and dreams might not otherwise have been fulfilled. Because you have lived by faith, you have taught so many of us its true meaning. In this age of instant action and early obsolescence, it is worthwhile to note how the basic strength of motherhood has endured through wars and famines, revolutions and social upheavals. That quality, that spirit, and that love continue to flourish, and you have helped to extend it to the understanding and the encouragement of those lives which were once regarded as hopeless. Surely, greatness is the capacity to derive hope and meaning from apparent hopelessness as Reinhold Niebuhr once suggested. You have helped us to understand that paradox, and to recognize a fuller meaning in the words of that lovely old German hymn:

"Now thank we all our God,
With hearts and hands and voices;
Who wondrous things hath done,
In whom His world rejoices."

By your own efforts and through the work of the Kennedy Foundation, you have provided hands, and heart, and voice in the interests of the mentally retarded.

I often like to lie on the floor with my own children, from which position the adult world takes on a Lilliputian aspect and seems to be peopled by giants. The child sees that world above and reaches out for it, while we try to make the object of his reach worthwhile. But there is another yardstick that we must teach all children and that is to measure themselves against their own capacity and to learn to use that capacity for the purpose of achieving dignity and contentment. That must surely be the goal of those who seek to help the mentally retarded.

Now, Ladies and Gentlemen, let me not keep you further from your guest. The story is told of George Bernard Shaw being invited to speak at a dinner in London, England. He was treated to a three-quarters of an hour introduction by the Chairman, who finally concluded by saying: "I know that we are all looking forward to Mr. Shaw's address." At that point, the great man leaped to his feet and growled: "My address is 24 Sloane Square and that's where I'm going right now." Whereupon, he stormed out of the room. Mrs. Kennedy's address is Hyannis Port, Massachusetts, and I would be most distressed to suffer the fate of that other chairman.

Ladies and Gentlemen, I have refrained this evening from flitting through a biographical catalogue in the conventional manner of the ritualistic introduction. I have done so, first, because Mrs. Kennedy certainly needs no introduction in Toronto where she has so many friends, but, more importantly, because Mrs. Kennedy is with us this evening to speak about her love for and dedication to the mentally retarded. And so, I have tried to dwell on her contribution rather than her curriculum vitae. However, I did begin by describing the great delight that we feel in welcoming you this evening, Mrs. Kennedy, and I do so in recognition that I could never express adequately the affection and regard which we all have for you. Ladies and Gentlemen, may I introduce to you and welcome to the Empire Club of Canada, Mrs. Joseph P. Kennedy.

MRS. KENNEDY:

Mr. Chairman, Archbishop Pocock, distinguished guests, ladies and gentlemen. It is a very great pleasure and honour for me to be here tonight. As you have heard, I have come back here to Canada many, many times and always with great pleasure. As a young girl I went to Montreal with my father, who was the Mayor of Boston, and we were the guests of the Mayor of Montreal. Later we came on various skiing trips with my children and then, of course, I have spoken here on mental retardation two or three times. On one occasion I was presented with a wonderful painting of Mount Kennedy, the peak in the Canadian mountains which you named for my late son, President Kennedy. So it is a very great joy for me to be here tonight and this introduction has just overwhelmed me.

Some of you may have asked how the Kennedy family became interested in this work. The answer is a very simple one. We had nine children. Our second son, Jack, became president, and one and one half years after his birth, our daughter, Rosemary, was born who was mentally retarded. Later, we had six children perfectly normal and healthy. I make this statement very deliberately, because some mothers who have a child who is mentally retarded are fearful that the other children who follow will also be afflicted. That is not very often the case.

How different conditions now are from what they were 45 years ago when there were no special school classes, no scientists interested in retarded children, no federal, state or local programmes, when I, as a mother of a retarded child, felt helpless and frustrated and heartbroken.

With the idea of improving conditions in this field, in 1946 we established the Joseph P. Kennedy Jr. Foundation, named in honour of my son killed in World War II. The resources of the Foundation were to be devoted to the establishment of schools and clinics to help these youngsters. But after a few years my husband found that the number of these children was increasing so fast that we could not possibly dedicate enough schools and clinics to take care of them. So we decided to focus primarily on research. That is, to seek the causes of this affliction and to conquer it at its source, and to discover new methods of treatment and training for those for whom progress in prevention came too late. Through our efforts and the efforts of many others, wonderful success has been achieved. The facts to be emphasized are that if we make this information known to the public then the toll of mental retardation can be reduced by fully one-half today. In this field, you in the audience can help these people tremendously and it is a challenge to all of us.

For example, one of the most important discoveries has been that the nine months after conception are the most important in the child's life, and so every prospective mother should see a doctor frequently and regularly in that period. Thousands of pregnant women, in fact 30 per cent of the women, do not see a doctor in this early period. They do not see a doctor until it is too late. All of you in this audience can help in this respect, because many of you come in contact with these women – and everyone can urge all pregnant women to see a doctor after conception – not after three months or six months, but immediately. For instance, pregnant women should tell their doctors and their dentists that they are pregnant before they have x-rays. Many are taking the wrong kind of drugs or they may need a drug to help them during pregnancy. There are many other precautions which must be observed.

And, after the baby is born, during the first months of his life, he should be examined by the doctor because the sooner signs of mental retardation are observed, the easier it is to rectify them.

Many of you perhaps may or may not know that old-fashioned measles can cause brain damage in children. In your country and in mine, there are thousands of children who have not been vaccinated against this common childhood illness. I understand that London, Ontario had a major mass immunization programme about two years ago, and Hamilton about a year and one-half ago. However, here in Toronto nothing has been done about protecting children from old-fashioned measles, and 5 per cent of your children are susceptible to this disease and possibly to encephalitis. I urge all of you to encourage a mass immunization programme this winter.

Another type of measles – German measles, or rubella – while not considered dangerous to children, often causes retardation, blindness or deafness in an unborn child if the mother contracts it during pregnancy. This can occur when a school age child carries the virus home to his expectant mother. Neither the child nor the mother is harmed, but the fetus can be. Therefore, since school children act as carriers, they are the ones who must be vaccinated. The next epidemic of German measles is expected in 1970 or 1971. Your support of a comprehensive rubella vaccination programme can prevent this dread disease. I cannot emphasize strongly enough how important it is for you parents to contact your doctors and your health officials and insist that they provide the vaccine. In the United States, we licensed this vaccine only 5 months ago, and already our federal government and state governments are providing it free in many schools. Our goal is to vaccinate every child between the ages of one and twelve.

My wish is to make all these facts known so that you can take the proper steps to protect your children and pregnant women in your families against the dangers of both kinds of measles. Years ago we were not conversant with these risks. Now that we are familiar with them, let us avail ourselves of this knowledge and protect these future youngsters. I personally feel that if I can save one mother and one child from the anguish and heartbreak which I endured, my efforts will have been repaid one hundredfold, and I hope you have the same reactions.

One of the most important and praiseworthy activities in this field of mental retardation is the establishment of workshops throughout the country. The retarded leave school about the age of 18 and enter these workshops which serve as stepping stones between school and jobs in the community. They work on various projects and in many cases create beautiful products.

In Florida, for example, they become interested in horticulture, and in other parts of our country they make candles and perfume. Here in Toronto, you have four workshops serving 250 retardates, and in Ontario there are 80 at present employing 1,800 retarded workers who assemble plastic toys, refinish furniture and make porcelain, print Christmas cards, among many other various duties.

In these workshops the retarded become accustomed to living away from home. They take instructions from a supervisor and learn to adjust themselves to a new environment. They and their parents derive a great sense of satisfaction because they know they are advancing towards the ultimate goal of mingling with other normal workers and earning some money.

Government as well as private industry is hiring more and more retarded in the United States. In 1962 my son, President Kennedy, had the Civil Service laws amended so that it is much easier for the retarded and the handicapped to be eligible for government work now. The very first employee was a young upholsterer who was hired by my son to work in the White House, and he is still there today.

And at President Kennedy's suggestion, the Secretary of the Treasury, Mr. Douglas Dillon, hired many retardates to work in the Treasury Department. He said he had no reservations about hiring them. He found them capable, anxious to progress, and proud of what they could do. Today, over 6,000 mentally retarded are working in the United States Government.

In the Canadian government, on the contrary, however, although the civil service rule regarding the written test has been lifted and technically retarded people could work in the government, there has been little rapport between the government and this group. And so I should like to call this to your attention, in the hopes that you can facilitate their entry into government service.

Some of you may feel that other employees in your offices or your companies may object if retarded workers are brought in to perform the same tasks which they do. We have found, however, that employees have taken an almost paternal interest in the retarded worker, and do all they can to help him adjust on the job.

The retarded do not become emotional or temperamental. They are not mentally ill, but simply have a limited intelligence and a limited ability to learn. They are very stable.

At first it may take a little extra time to train them, but businessmen have agreed that in the long run it was well worthwhile because the retarded are not job hoppers; they are loyal and hardworking; they will do routine, repetitive jobs which the normal person finds monotonous and tiring. And so their assets far outweigh the small amount of extra time it may have taken to train them.

A few of the types of jobs which the retarded have done successfully are: running an elevator, sorting mail, packing cartons and running errands.

Many retarded are perfectly capable of earning a livelihood, and it is a great boon to them as well as to their parents to know they are leading self-sufficient lives. And from an economic point of view it is a great advantage to the government because to keep an individual in an institution for a lifetime now costs close to $200,000 over a period of fifty to sixty years.

And so I urge you businessmen to review jobs within your companies and it is my hope that you will find many which can be filled by retarded individuals. At present, out of the 1,800 retarded in workshops in Ontario, which I mentioned a little earlier, only 100 are graduating each year into regular employment and many more could go out if there were jobs waiting for them. If you will contact the Toronto Association for the Mentally Retarded, they will arrange to have a placement counsellor contact you. I made this same appeal to the businessmen of St. Louis and Chicago recently and I understand the response has been tremendous.

Physical fitness programmes, as well as schools, workshops, and jobs, are needed to provide the retarded with the chance to play, to exercise, to experience the companionship of other children. We know that at home many retarded do not compete because they cannot jump or throw a ball as well as their brothers or sisters or friends, and so they have no confidence in themselves. But if they are with children of their own potential in camps, or special games, and see others competing at a slower pace, they will try, and will gain confidence in themselves and eventually compete successfully. As the children improve physically, they also acquire mental and emotional stability and make greater progress in their school work.

This past June I was privileged to attend the Canadian Special Olympics in Toronto. There, more than 1,000 retarded youngsters took part in exciting games and contests. They ran, jumped, swam, played floor hockey, won medals, marched in parades and accomplished results I do not believe any of us would have dreamed possible a few short years ago. The Special Olympics programme was created by the Kennedy Foundation to test the thesis that retarded children could successfully compete in athletics.

Over the summer more than 50,000 children in the United States and Canada took part in these games. Thousands of volunteers have contributed their time and efforts to make these programmes possible. I understand that there are at least forty young peoples' groups which have been organized for mental retardation throughout Canada in the last year alone. They act as camp counsellors, raise money, baby-sit, take children and adults on outings, among many other activities. It is such a wonderful experience when the young are able to see how handicapped people endure with courage and grace the burdens life has placed upon them. It makes them more thankful for their own blessings, and gives them stronger confidence to meet their own troubles and problems which come to them throughout life. I have often quoted to my children the words of St. Luke: "Of everyone to whom much has been given, much will be required."

If you or your young people are not already personally involved, I urge you to find out more about the Special Olympics and the other programmes through the Canadian Association for the Mentally Retarded.

And as a parent, let me ask all of you to talk to the parents of these children, so that they may not feel alone with their problems. They are often bewildered and are wondering why they have had this cross sent to them. They are worried about what would happen to the child if they should die. So speak to parents and tell them that you are sympathetic and that you are sure their children will have an opportunity to learn and to progress, in this day and age, and become useful and happy citizens.

Try to visit a home or school or a physical fitness programme some day and watch these children work and play. If you have helped them you will feel a tug at your heart strings and you will experience a great joy because you have rescued them from environments where they were lonely and discouraged, and you have brought them to havens where they have found happiness, companionship and a wonderful new way of life.

Mrs. Kennedy was thanked on behalf of The Empire Club by Dr. H. V. Cranfield.

NOVEMBER 10, 1969

Quebec in the Confederation of Tomorrow

AN ADDRESS BY The Honourable
Jean-Jacques Bertrand, B.A., LL.D.,
PRIME MINISTER OF QUEBEC

Joint Meeting of the Canadian Club of Toronto and the Empire Club of Canada

CHAIRMAN Mr. D. W. McGibbon,
President,
The Canadian Club

MR. MCGIBBON:

I wish to extend a warm welcome to you all – but especially to the members of the Empire Club of Canada and to those guests who have joined the Canadian Club of Toronto for this important meeting to hear an address by the Honourable Jean-Jacques Bertrand, Prime Minister of Quebec.

We Canadians have been caught up in an environment of rapid changes – changes that are affecting our social, economic and political attitudes. The pressures that have been generated are affecting our relationships as Canadians, one with another, and with our governments as well as the relationships between governments both on the same level and at different levels.

These are matters of concern to all of us and we should endeavour to be as well-informed as possible so that we may contribute to an amicable and equitable resolution of the pressures we see developing around us.

Our sister Province of Quebec is not without her problems and we should know more about them. We are fortunate indeed to have as our guest today the Prime Minister of that province to bring us up-to-date. Mr. Bertrand has held office for little more than a year but he has already impressed observers with his foresight and courage.

Mr. Bertrand was born in Quebec at Sainte-Agathe-des-Monts where he received his early education. He graduated in Arts from the University of Ottawa and obtained a Law degree from the University of Montreal. After being called to the Bar in 1941, he began practising Law in Sweetsburg where he early became interested in municipal politics and community activities. He was first elected to the Legislative Assembly in 1948 and has been re-elected at every general election since – 1952, 1956, 1960 and 1966.

On October 2, 1968, Mr. Bertrand was sworn in as Prime Minister of Quebec, Minister of Justice and Minister of Intergovernmental Affairs.

Mr. Bertrand was appointed Queen's Counsel in 1950 and has received honourary doctorates in law from Bishop's University, the University of Ottawa (1959), the University of Sherbrooke (1967), the University of Montreal (1969) and from Laval University (1969).

Gentlemen, I have great pleasure in introducing the Prime Minister of Quebec.

MR. BERTRAND:

I do not think it necessary to go into the customary introduction usually given at the beginning of a formal speech, for I do not feel like a stranger among you.

Just a few months ago, in June 1969, Québec and Ontario signed a cultural agreement that will, I am sure, set a pattern for all of Canada to follow.

It was also in this City of Toronto that, in the Fall of

1967, with then Prime Minister, Daniel Johnson and some of my colleagues, I attended the constitutional Confederation of Tomorrow Conference, promoted and organized by the Prime Minister of Ontario, The Honourable John Robarts.

What is happening in Québec? I will not use a cliché and say that a new Québec is being born. Or that Québec is adapting to the twenty-first century, although that is true to a great extent.

What is going on in Québec is the logical last stage in a step-by-step definition of her identity. I say "logical" on purpose, for that is the description that will come to the minds of those who will take a careful look at present and past events in Québec. For, the definition of identity permeates every pore of what some future great historian will call "The Québec Story".

The actions of some extremist movements – which exist in one form or other all over the world – should not be confused with the global collective quest of an identity.

You will note that I do not use the terms "search for an identity". I avoid those terms because Québec has already found her identity, an identity shaped by her many philosophers, writers and creators, who, throughout her history, have delved into the soul of the French-Canadian people.

The Québec of today is simply looking for the best ways to apply her own definition of her own identity.

We should all bear in mind that nationalists are not automatically separatists or extremists.

We define nationalism as the pride of being what we are and we consider nationalism as a positive and creative element of patriotism.

Without nationalism there would be no Canada. For Canada is neither the result of our artificially drawn geographical frontiers, nor product of the natural lines of trade and commerce which run north and south.

Canada owes its existence to ideas, sentiments and even obsessions. That is the basic substance of Canadian nationalism.

Within this Canadian nationalism there exists a Québec nationalism which can also be considered a powerful creative force.

The Laurendeau-Dunton Commission has clearly acknowledged the fact that there are in Canada two distinct societies, two majorities, two cultural communities.

Countless English-Canadians have acknowledged that same fact at one time or another in our country's history.

Eugene Forsey said in 1961, "Most of us are deplorably ignorant of French Canada . . . We need to ask ourselves constantly how we'd feel if we were a relatively small English-speaking island in an ocean of French-speaking people, and what rights we'd feel we had, and what we'd expect the majority to do about it".

At that same time, Murray G. Ballantyne was saying, "We will never understand the French-Canadians until we accept wholeheartedly that they are very different, that they have a perfect right to be themselves and therefore different, and that the difference is a good thing and an enrichment of our own national life. Vive la différence".

Mr. Ballantyne, earlier, had a very revealing phrase when he said, "I am not quite the same man when I speak French".

It is not necessary for these two nationalisms to constantly oppose one another and in the contest destroy Canada. For, historically, these two nationalisms have not been opposed to one another.

French Canadians were strong Canadian nationalists long before becoming nationalists. They clamoured for the independence of Canada long before becoming involved in Québec's independence.

They demanded a truly Canadian flag long before they considered adopting a distinctive flag in 1948.

They laboured hard and long in Canadian political parties many years before the creation in 1936 of the first

Québec political party exclusively dedicated to the interests of Québec.

They sought a new Canadian constitution years before they thought of drafting a Québec constitution.

Therefore, Québec and Canadian nationalism do not necessarily oppose each other.

It is in many ways our obligation to work out a mutual understanding . . . and to become aware of the fact that without this mutual understanding Canada and Québec would not fulfil their great destiny. I have always said, and will say again, that I am proud to be "un Québecois et un Canadien".

Yes, Québec is different – but that difference is no longer what for many years some believed it to be.

For many years, it was said that Québec was a backward province – perpetually held down by an obsolete educational system controlled by the clergy, which was more interested in promoting its own ends than in the advancement of the people, whom it over-sheltered. This has always been for me a very unjust statement. And it cannot be considered a valid assessment.

For many years it was said that because of the nature of the education received, Québec's best minds, generation after generation, were more inclined to become humanists and thinkers, poets and philsophers; it was felt that if Québec continued turning out this type of elite, she could never hope to cope with the economic demands of North America.

That can no longer be the total assessment. There is no longer any ground for this belief.

It must be understood that while most of America was busy conquering, settling and organizing, French-Canadians had their hands full simply ensuring their survival, struggling to keep their individuality alive.

This struggle for survival has often been called a useless adventure; but whatever it was, it has worked.

The fact is we have survived. We do exist as an entity, one which has transformed the simple act of survival into an extraordinary and acute sense of living. An entity that is six million strong – unique in America.

And this survival would not have been possible without the creative energy of positive nationalism, as the survival of Canada would not have been possible without positive Canadian nationalism.

The fact that French-Canadians, and Québec in particular, have refused the melting pot principle has been a positive element in the definition of Canadian nationalism. And our present effort to promote a wider knowledge and use of the French language is an additional guarantee of the existence of Canada. And this we are doing without depriving other Canadians of their rights.

The French language is the essential vehicle of a different culture, a manifestation of creative energy at work.

We now have begun to translate this creative energy into economic achievements of a new kind.

Out of our wilderness we have created the most gigantic hydro electric complex in the Western world. Out of the waters of the St. Lawrence we have conceived and built islands on which the greatest national event in Canadian history took place for the world to see.

A research centre on electricity, unique in its kind in the world, is being built at Boucherville and, as well, in Ste.-Foy the first sod has been turned on a huge science centre which will be the envy of all to see.

Out of the long winters we have dreamed of a new sport and created and marketed the machines that make this new leisure activity available to the world. And Québec, through the pods of the lunar module, was on the moon before the American astronauts.

And, because it is already well known, I will not dwell on the fact that Québec writes more poetry, composes more songs, writes more books, stages more plays, shapes more sculptures, paints more paintings, produces more television, and produces more movies than the rest of Canada combined.

The engineering, economic and cultural achievements I have mentioned are but a sample of our vitality and of our strength. It is a climate, a way of being that must continue if Canada herself is to continue.

A new generation is coming of age in Québec – it has the benefit of a modern educational system that combined the basic ability to create with the discipline of the North American ways. It is a creative generation already in step with the seventies.

Keenly aware of its worth, its assets and its capabilities, the rising generation demands prosperity for Québec.

It is aware of the extraordinary amount of natural resources and potential wealth that Québec commands within its borders.

These young people know that Québec will need 75,000 new jobs every year for the next five years if they are all to be absorbed in the labour force.

The new generation has a choice in Québec. The choice of living independently at any cost, or of remaining within the established pattern. I have made a choice. And the choice I have made is for Québec to remain in Canada, and in conjunction with the other provinces and the central government, to find ways and means to adapt the established pattern to the needs, problems and aspirations of our time.

And this is the ground on which we must meet – for a new generation has also come of age in the rest of Canada.

You have reached an enviable potential in the world of management and capital.

While we were busy surviving and expressing ourselves you have produced planners and co-ordinators, managers and executives; people with an intimate knowledge of the exact science of economics.

Allow me to remind you that the world's fortunes have been made by the cleverly balanced association of capital and creative ability.

The fortunes of today and tomorrow will continue to be made in that fashion. If not fortunes, at least the achievements needed for greater growth. And this is a prerequisite for Canada's survival.

Québec now constitutes a powerful pool of resources and creative energy; and creative energy is the driving force behind all expansion and progress.

Québec is ready to share with you, to prosper with you, and to achieve with you the colossal country called Canada.

Mr. Bertrand was thanked on behalf of The Canadian Club and The Empire Club by Mr. Ian Macdonald.

MR. MACDONALD:

As President of the Empire Club of Canada, I am indeed honoured to express to you, Prime Minister Bertrand, our gratitude not only for what you have said here but also for the great responsibilities which you have undertaken in your province. Canada is filled today with self-appointed students of Quebec, mainly motivated by genuine concern about the future of this country. Yet, there remains a great danger that the analysis of the problems which confront Canadian federalism will become so excessively complicated that the more obvious solutions will escape our gaze. You have helped immeasurably in bringing home to us today some of the important, yet basically simple, issues which we must recognize in viewing Canadian federalism through the eyes of the Québecois.

The body politic of a great country such as Canada cannot afford to have one-third of its people feel separate from the rest of the citizenry without risking the strong possibility that separation will become a political reality. Our task is to consider what we must do and what the troubled members of our federation must do to prevent eventual separation. I am certain that everyone in this room appreciates the work being done by you, Sir, to prevent that unhappy conclusion. We are deeply aware that, on a day when burdens in Quebec City would have made a decision to remain there quite understandable, you have thought it important to speak in Toronto to members of the Canadian Club and the Empire Club. We recognize this decision as a measure of your continuing devotion to the Canadian Confederation.

Monsieur, nous sommes sensible de la grande responsabilité que vous portez, pas seulement pour l'avenir de votre province mais également pour l'avenir du Canada. Nous savons que les difficultés qui confrontent le Québec ne seront ameliorées que part notre compréhension et votre détermination. Nous vous remercions de votre visite aujourd'hui. En plus, nous voulons vous offrir notre appui complet en ce concerne toutes les mesures que vous avancez pour assurer un Québec fort dans un Canada progressif et uni.

Sir, we recognize the great responsibility which you bear for the future of your province and, in turn, for the future of Canada. We recognize that the difficulties which Quebec faces will only be relieved by understanding on our part and determination on yours. We thank you for your visit today and we want you to know that you have our complete support for all measures to ensure a strong and happy Quebec in a progressive and united Canada.

NOVEMBER 13, 1969

Canada's Stake in Arms Control and Disarmament

AN ADDRESS BY Mr. George Ignatieff,
AMBASSADOR OF CANADA TO THE
CONFERENCE OF THE COMMITTEE
ON DISARMAMENT, GENEVA

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

This is a week in which our thoughts turn naturally to the past – to the tragic and heroic years of 1914-1918 and 1939-1945; it is a time to remember loved ones who did not return from battle and a season to ponder the meaning of their sacrifice. However, as those pages of history recede into the past, we conjecture all the more on the future course of mankind. In this particular year, our conjecture takes on an added dimension – that of an infinite universe – for, tomorrow, we will begin to experience, once more, the epic excitement of a trip to the moon.

Between the sentiment and the sadness of the past and the wonder and mystery of the future stands the here and now. The task we face is one of justifying the sacrifices of those who gave their lives and of working to ensure that such a heavy toll will never again be necessary. For these reasons, I am delighted to welcome Mr. George Ignatieff to the Empire Club of Canada in this particular week and doubly pleased that he has chosen to speak on the subject "Canada's Stake in Arms Control and Disarmament." Surely, arms control and eventual disarmament must be our ideal and our goal if those words which we sing on Remembrance Day are to have any meaning:

> "O God of love, O King of peace,
> Make wars throughout the world to cease;
> The wrath of sinful men restrain,
> Give peace, O God, give peace again."

Such is the objective of the Conference of the Committee on Disarmament to which George Ignatieff is Canada's Permament Representative, with the rank of Ambassador. These are days when instant communication and economic austerity are combining to close certain of our foreign offices around the world, but Geneva continues to be the symbolic and practical site of movements for world peace as it has been for many years. There can surely be no more significant posting for Canada today and no activity to which our contribution is more necessary.

Equally, it is difficult to imagine any Canadian with a training more suited for this responsibility. Mr. Ignatieff was born in St. Petersburg, Russia but, by family connection and background, is very much a Torontonian. He is a graduate of the University of Toronto and, subsequently, attended New College, Oxford, as a Rhodes Scholar, and the University of London.

Since 1940, he has served continuously with the Department of External Affairs, becoming familiar with all points of the North Atlantic triangle as well as Eastern Europe. His tours have included the Deputy High Commissionership in London in 1959, the Ambassadorship of Canada to the United Nations in New York from 1966-1968, and the Ambassadorship to Yugoslavia.

Perhaps no Canadian Ambassador truly experiences the full flavour of serving as a Canadian abroad without serving in both London and Paris. This, too, George Ignatieff has done; for four years, between 1962 and 1966, he was Ambassador and Permanent Representative of Canada to the North Atlantic Council in Paris. At home, in Ottawa, he occupied the post of Assistant Undersecretary in the Department of External Affairs between the years 1960-1962.

His distinguished service to his government and to Canada will be recognized tomorrow at the University of Toronto by the receipt of an honorary degree and, for this, we offer to you, Sir, our heartiest congratulations.

While expenditure on arms and weapons grows daily, the innocent perish in Viet Nam, in Nigeria and in the Middle East and, all the while, others starve to death throughout the world. A single but compelling goal remains unchanged: to achieve, at a single stroke, reduction of arms and expansion of economic welfare throughout the world.

> "They shall beat their swords into plowshares, and their spears into pruninghooks; nations shall not lift up sword against nation, neither shall they learn war any more."

That Biblical hope is as apt as ever, but we cannot risk the catastrophic judgment which the Prophet foresaw prior to its fulfilment.

May I now invite Mr. George Ignatieff, Ambassador of Canada to the Conference of the Committee on Disarmament, Geneva, to speak to us on the subject "Canada's Stake in Arms Control and Disarmament."

MR. IGNATIEFF:

First of all, I should like to say how much I appreciate the honour of being invited to speak to the Empire Club. Those to whom this opportunity is offered, I realize, have to be brilliant, or original, or both. Since there is difficulty in being brilliant when you are trying to be original, and being original when you are trying to be brilliant, I shall merely try to be informative in thinking out loud on a subject on which I believe much thought is required – Canada's stake in arms control and disarmament.

I had been tempted to give a more frivolous title to my remarks – "Armless in Geneva – or a Diplomat's View of Venus de Milo." (You remember the girl in the popular song some time ago who was "cuter than Venus and she had arms!")

The present state of the nuclear arms race does not lend itself to frivolity, I am afraid. Indeed, the arms race of Canada's two neighbours, the United States and the Soviet Union, ever chasing the rainbow of nuclear and missile sufficiency, threatens to disturb the balance in the balance of terror which has preserved a certain stability in great power relationships.

In speaking to you as Canada's representative in the disarmament negotiations in Geneva as well as in New York, I wish to give you as frank an account of the situation as I see it, in the time available to me.

These days, when weird initials flash almost daily in the headlines, like ABM, ICBM, FOBS, MIRV and SALT, I am reminded of the lines of the sonnet:

> "Like him who, in the desert's awful frame,
> Notches his cockney initials on the Sphinx."

What is the meaning of this new riddle of the technological age, carved in initials? What is this Martian-like alphabet we are required to learn, which when translated into words like "Anti-Ballistic Missiles", or "Fractional Orbital Bombardment System", sound even more menacing?

What is being done to check the seeming inevitability of the escalating race in weapons, ever more devastating in their effects and ever more dependable in their delivery systems? What is Canada's stake in the efforts being made to bring this arms race under control through negotiations; and what is Canada's role in this diplomatic effort, on which I spend most of my time at Geneva?

There are more replies than answers to these leading questions, but I shall do my best to give you in summary form, my personal view of what these replies might be.

Geneva, of course, as you will recall, has been the scene of disarmament negotiations ever since the League of Nations established itself there after the First World War. Negotiations on disarmament in which Canada participated, were therefore a feature of international relations in the 20's and 30's. This activity was regarded as a harmless illusion by some, with enthusiasm by others, and with indifference by most.

The last world war, the coming of the atomic age, and the cold war with the scientific and technological revolution which has followed in missiles as well as the warheads they carry, has changed both the significance and the scope of these discussions, as well as arousing a justified public concern about their progress, or otherwise.

At the dawn of the atomic age, that is, immediately after the first use of the atomic bombs on Hiroshima and Nagasaki, the United States, along with the United Kingdom and Canada, took the initiative to start discussions to try to ensure that this new dread power, so destructive potentially in war, as it is useful potentially as a source of power in peace, would be used for peaceful purposes only. As General McNaughton's diplomatic adviser, I took part in those early discussions.

In the Baruch Plan put forward by the United States, it was proposed that all atomic weapons would be suppressed and that all nuclear activities from the mine to the reactor should be placed under the control of an international monopoly in order to ensure that nuclear reactions would be used for peaceful purposes only.

The Soviet government, ever suspicious of outside controls which might challenge the monopolistic controls of the Communist Party, and fearing that the Baruch Plan would permanently preserve the American monopoly or superiority in atomic weapons, turned down the proposal. The armaments race was on, and was given added fuel by the developing cold war in the late 40's and 50's.

The escalation of the arms race which has proceeded apace through the 50's and 60's can be judged from the fact that world expenditures on armaments rose, according to the United States official figures, from $120 billion in 1962 to more than $180 billion in 1967. The figures have continued to rise so that they are now almost $200 billion a year.

As a result of this escalation we have a situation today where never in human history have such contradictory philosophies dividing the human family been coupled with such devastating military power, especially in the hands of the super powers.

An expert witness in the Senate Foreign Relations Hearings on the ABM in Washington speaking about this process of escalation last July, said: "We are caught up in a sequence of technology developments without any logical end. The first step . . . was the ballistic missile. The second step is the anti-ballistic missile. The third is the anti-anti-ballistic missile, or MIRV as we usually call it. In this sequence, each step is more pointless and more treacherous than the one before it."

The answer to the achievement of national security clearly cannot be found through a competitive application of military technology alone. National security being primarily a political problem, the solution lies primarily through political means. Hence the importance of arms control negotiations, coupled with efforts to moderate the confrontations between the great powers. But we have to admit frankly that arms control and disarmament has so far had only limited success.

Today the bombs that were used at Hiroshima and Nagasaki are to current models, as Lindbergh's "Spirit of St. Louis" is to the modern jet plane. We are faced today with the intercontinental ballistic missile with multiple warheads, underground missile silos, submarines that can shoot missiles without surfacing, the hydrogen bomb, chemical and biological weapons, to name only some of the items in the arsenals of the two powers which have become so highly developed that thousands of years of civilization could be destroyed in a matter of minutes.

There is an important factor of timing involved. For as William Foster, who until recently was Head of the US Arms Control and Disarmament Agency and Chief US Negotiator put it in a recent article in *Foreign Affairs*:

> "The central fact today in the confrontation between the United States and the Soviet Union is that progress in technology has made it both necessary and possible to place restraints on the nuclear arms race. The technological stars and planets are now in favourable conjunction, so to speak – and they will not stay that way for long."

The important fact is that the point has been reached in the nuclear arms race where offensive capabilities resulting from technological advance, both in the Soviet Union and the United States, threaten to overtake defensive capabilities and thus upset the delicate balance of Bi-Polar Power which has allowed a certain stability in the relations between the super powers.

Moreover, with MIRV's we are entering into a new darkness about the state of the strategic balance, in which conjecture tends to produce overreaction on the part of one side or the other, unless corrected through negotiations.

Another factor is that both powers, as a result of the strategic arms race, tend towards a position of parity. If both sides – Americans and Russians – are determined to outdo the other, their respective efforts inevitably tend to cancel out. The really serious question is whether that parity is stable or unstable in nature, moderate or excessive in cost.

Therefore, despite the many divergent interests of the United States and the Soviet Union on many issues, there appears to be no question that both sides have a considerable ground of common interest in limiting and controlling the nuclear arms race and in reducing the balance of deterrence to lower and safer levels.

The question is still whether the superpowers will adjust psychologically to recognize this common interest and act upon it. If there is a new-found willingness to discuss arms control, it is because it is being forced upon the super powers by the sheer weight of the strategic, technological and economic facts of life.

The alternative seems to be to accept that the escalation of the arms race is inevitable, because technological accomplishments are limitless and so is the depravity of man. But that alternative would be a counsel of despair that could, indeed surely would, lead to an eventual holocaust that would threaten the survival of mankind.

But let us have no illusions that to bring the nuclear arms race under international control is an easy matter. Even under the Charter of the United Nations, the nation state is sovereign, and nation states tend to take the position of being a "law unto themselves".

Technology, moreover, is no leveller in its effect on the power of nations. On the contrary, technology has favoured those nations which have the highest degree of industrialization, wealth, technological know-how and expertise. As a result it is the United States and the Soviet Union above all who are at the head of the nuclear/missile arms race, with China becoming increasingly important in a triangular relationship with the other two nuclear giants.

I want to focus attention on this triangular relationship as most affecting world peace and security, because Britain, France and Japan, although also great powers (and the first two are nuclear powers as well) have no more than limited influence with any of the three giants, who will ultimately decide the issue of nuclear peace or war in the world.

This triangular relationship is not a very happy one, to say the least. Under the threat of mutual destruction, the USA and USSR have painfully constructed a limited degree of understanding and detente. On the Sino-Soviet side of the triangle, too, although there is mistrust and tension, an effort is being made to remove the dangers of conflict through diplomatic negotiations. The third side of the triangle, that between the United States and China, is a more unknown quantity.

The overwhelming military superiority of the USA and the Soviet Union makes it inevitable that their relationship with each other and with third powers should be the cornerstone of international stability. At the same time, the limitations placed on their power, by the very nature of their weapons and their devastating effect, forces these super powers to take account of the political influences at work in the world.

Indeed, the difficulty of translating military power into influence in this atomic age may well be leading to a decline in the influence of these two super powers. The decline of big twoism may open the way to a greater scope for autonomous action by those less muscle-bound by self-destructive military power, like Canada.

For Canada, because of our geographic location, the important fact is that the triangular relationship of the great powers is one of uncertainty, hostility and distrust, mitigated mainly by the fear of nuclear war and by the consequences that follow from that fear.

The Prime Minister, speaking in the House of Commons on March 19, pointed to the changed circumstances of Canada in regard to defence and disarmament, resulting from progress in science and technology as well as from Canada's geographic location. He recalled that it was only four and one-half decades ago that Senator Dandurand was able to say in Geneva that we in Canada "live in a fireproof house far from inflammatory materials". This is no longer the case, said the Prime Minister. "Our house is not fireproof and, as we know, inflammatory materials are not very far from it."

In addition to opening negotiations with the People's

Republic of China, the Prime Minister outlined the three principles which govern Canadian policy in seeking international peace and security, in the insecure world environment I have described.

First is the stability of the deterrent system established between the United States and the Soviet Union. He said: "This system exists as a deterrent because of the knowledge on both sides that the other has a destructive power capable of annihilating it. It is the credibility of the system which ensures its stability". But he warned: "This is a fragile and dangerous balance."

One of the ways of maintaining this delicate balance is precisely through negotiation of arms control and disarmament measures. Thus the second principle, enunciated by the Prime Minister, is that Canada should continue to participate in the Geneva negotiations: "Because," as he said, "we believe that deterrence is a very delicate, sensitive and dangerous system, and we are working with all our energy to seek out other avenues to arms limitations and reductions than one of a balance of terror."

The third principle mentioned by the Prime Minister is "to prevent further proliferation or indeed escalation of nuclear armament systems".

In a later speech in the House of Commons on October 24 the Prime Minister said: "No single international activity rates higher priority in the opinion of this government than the pursuit of effective arms control and arms limitation agreements. Canada refuses to submit without protest to the present nuclear hegemony."

In the light of these principles, how far have we progressed in arms control and disarmament negotiations? The five main landmarks have been the partial test ban treaty negotiated in 1963; the treaty of banning of mass destruction from outer space in 1967; the treaty prohibiting nuclear weapons in Latin America in 1967; the non-proliferation treaty in 1968; and the draft treaty on the prohibition of the emplacement of nuclear weapons and other weapons of mass destruction on the seabed and ocean floor submitted by the Geneva Conference to the UN General Assembly this month. To date, I must confess that the measure of achievement in bringing the arms race to a halt is disappointing, dangerously so.

All these, as you know, are preventive arms control measures – non-armament rather than actual disarmament. As one of my colleagues in the Disarmament Conference in Geneva said the other day: "We should not lose sight of the more tangible objectives which are our basic priorities and the daily concern of mankind, that is, to arrive at nuclear disarmament where there is nuclear armament, not where it could theoretically be deployed."

The partial test ban was perhaps the most important of the measures leading to the cessation of the nuclear arms race. It prohibited tests in the atmosphere, in outer space and in the water. But we still have underground tests going on in the United States and the Soviet Union, and atmospheric testing on a limited basis by France and China.

The prohibition of the orbiting of nuclear weapons in outer space was an important concession to sanity by the super powers, because of the unpredictable consequences of extending the arms race to outer space and other planets.

The Latin American nuclear free zone is the first inhabited area of our planet that is to remain free from nuclear weapons and the threat that these weapons might be used against the countries of the zone.

The non-proliferation treaty is important, because it puts a limit to the number of additional countries developing their own nuclear armaments systems and thereby endangering the precarious balance between the existing nuclear powers. By establishing an agreed safeguards system, it also provided a basis for international co-operation for the development of nuclear power, without the proliferation of weapons, in addition to that provided for by the International Atomic Energy Agency.

This is where we stood at the beginning of the year.

And yet the prospects are not unhopeful. The main hope lies in the agreement of the two super powers to engage in strategic arms limitation talks, now to begin in a few days time, November 17, in Helsinki.

The issue in these talks (SALT) will be how to stop the process of escalation in nuclear weapons and their means of delivery, without compromising the security of each side and its allies. "The supreme challenge," as Mr. Sharp said in his statement to the UN General Assembly on September 29, "is to find something better than the balance of mutual fear and deterrence on which the present uneasy structure of global security rests."

There is an element of economic compulsion, too, behind these talks. The spiralling costs of the arms race, if it is to enter a new phase of escalation, is not likely to be without serious effect on the economic policies of both the United States and the Soviet Union.

The capital importance of these talks cannot be exaggerated. The fact that the super powers are now prepared to talk at Geneva, in New York at the UN and elsewhere in itself reduced the risks of over-reaction, which is directly dependent on the degree of uncertainty about the intentions and capabilities of the other.

Indeed, the process of negotiation, especially if it leads to the creation of arrangements for prolonged dialogue, can be beneficial and important in itself, whether or not concrete agreements quickly follow. For this kind of dialogue can prevent or mitigate the dangers of escalated misunderstanding, which is an important cause of the escalation of the arms race.

A gradual diplomatic approach will require public understanding and willingness to see the negotiations on arms control and disarmament continuing over an extended period, even though they do not lead to early agreement. It will also require an understanding that there will be no agreement, if early diplomatic triumphs are expected by one side against the other.

President Nixon has said that the period of confrontation which began in the forties with the cold war is over, and that we are now in the period of negotiation. The resolution of the accumulated problems of the escalating arms race will inevitably be a slow process made up of perhaps barely discernable happenings, none of which by themselves may be judged as an adequate response to the dangers I have described, but it means inching away from the precipice of disaster.

The Geneva Disarmament Committee, by providing for a continuous dialogue and negotiated adjustments in the delicate strategic balance between the great powers, offers possibilities which would not be available, if left only to improvised arrangements.

What about Canada's role in the arms control and disarmament negotiations? As the arms race is the product of two factors – the technological revolution and the cold war – Canada's contribution has to assume both a political, as well as technical aspect.

The role of a country like Canada is to help the process of negotiation first by participation in the Geneva committee which provides a forum where nations seek common purposes they might agree on, and through continuous discussion try to identify specific issues on which to negotiate arms control and disarmament agreements.

Second, Canada can seek wherever possible to modify the proposals put forward by the Soviet Union and the United States in such a way as to be helpful in finding possible compromises. This can be done directly and bilaterally by discussions with the two super powers, or multilaterally by joining with others in an effort to bring the moderating influences of world opinion to bear.

Thirdly, Canada can help mobilize world opinion on this vital issue of ending the nuclear arms race at the United Nations, at Geneva, and elsewhere.

Every machine has its brake as well as the dynamo. In the CCD it is the nuclear powers who apply the brake.

Countries like Canada have to provide the dynamo.

This is precisely what we have been trying to do in regard to three main issues now being negotiated at Geneva: the seabeds agreement; reinforcing the prohibition of chemical and biological warfare; and trying to put an end to all testing of nuclear weapons through helping to build up a system of verification through seismological co-operation.

On all three issues, Canada has taken initiatives which have won wide support, or has brought forward modifications to the proposals of the super powers in order to bring them into closer conformity with the interests of other nations like Canada.

I am hopeful that these Canadian initiatives in Geneva will be fully considered at the current session of the General Assembly, now meeting in New York, and that they will receive the overwhelming approval of the members of the United Nations, so that they can be translated into concrete action.

On the technical side, Canada is particularly well placed to make a significant contribution. We have the necessary expertise and we are located next to the largest fund of expertise in the world, the USA. This asset is being put to good use. For instance, it was a Canadian seismologist, Dr. Whitham, together with his Canadian fellow-scientists, who were the authors of the Canadian proposal, which has gained a wide measure of support, on how to impose seismological co-operation on a world-wide basis, in an effort to put an end to all nuclear testing.

In order to escape from the inevitability of technological advance towards the apocalypse, therefore, at least an equivalent degree of expertise needs to be turned to the question of how to control, and if possible eliminate, the destructive weapons which are the product of technology. In his statement in the House of Commons on April 23, the Prime Minister spoke of the need of a substantial intellectual investment in the realm of arms control and disarmament.

In conclusion, I should like briefly to sum up. Since geographic location places Canada in closest proximity to the historical triangle of the three most powerful nations on earth, the United States, the Soviet Union and China, none of which happen to get along particularly well with one another, Canadians have a vital stake in this relationship. Nowhere is this more evident than in the negotiations to try to end the nuclear arms race.

In a world still polarized between the overwhelming military power of the United States and the Soviet Union, the best hope for peace continues to depend on identification and broadening common interests and common purposes between the super powers.

It lies also in improving relations between all the great powers, including China, whose actions and policies can so profoundly affect the destiny of mankind.

A strategy of arms control and disarmament negotiation is clearly the only alternative to trying to advance the strategic interests of one side by outarming and outspending the other.

The only way of putting this strategy of peace into practice is through the unspectacular, but essential business of diplomatic haggling, and of enlisting the support and influence of world public opinion.

It must be a strategy which substitutes negotiated arms control agreements and disarmament for the shifting sands of deterrence and the inevitability of the escalating arms race, which is all we have at the moment.

"Idealistic" you may call such a concept. It may seem that way when viewed against the stark realities of the nuclear arms race that I have been talking about. But the very unpredictable consequences of modern weapons, particularly in their most sophisticated forms, is already inhibiting their use and leading to the acceptance of the necessity of restraint, whether by unilateral decision or agreement on arms control.

World mastery, or even world leadership in terms of military power, has already become too risky in the atomic age. Even a super power may find it in its interest, therefore, to seek accommodation with another super power, rather than face a confrontation which would risk atomic holocaust.

The brakes thus applied on the conversion of military power into influence with modern weapons undoubtedly gives greater scope for middle and smaller powers like Canada for autonomous action.

In arms control and disarmament, especially, I suggest an opportunity exists for Canada to employ its considerable influence in seeking a stable peace, acting in concert with like-minded nations. This is an opportunity not to be missed, and I can assure you – it is not being missed.

Mr. Ignatieff was thanked on behalf of the Empire Club by Lt. Col. E. A. Royce.

NOVEMBER 20, 1969

To Serve and Protect

AN ADDRESS BY Chief James Mackey,
CHIEF OF METROPOLITAN TORONTO POLICE

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

"The final result of absolute freedom would be absolute anarchy." So wrote the Russian novelist, Fyodor Dostoevsky. Civilization is a story of the constant struggle between order and freedom, and between social control and individual expression. The legislators make laws, the judiciary interprets them, and the police forces are entrusted with the sensitive responsibility of enforcing them.

However, in a world of rapid social change, instant communication and widespread personal anonymity, these theoretical distinctions are difficult to draw. In actual practice, the man on the street encounters the arm of the law more frequently than the voice of the legislator or the eye of the judiciary. May I assure you that the symbolism is intended neither as a parody nor as a criticism. It follows that the man who directs that arm must be an unusual man – at least, if he is to be successful and to survive. He must enforce the law in a manner that ensures our individual freedom while maintaining the social order.

In the person of Chief James Mackey, the people of Metropolitan Toronto have such a man, and we can be happy that we have. Chief Mackey knows and loves Toronto, the city of his birth. He knows and loves the Toronto police force, of which he has been a member since his appointment as a Third Class Constable in 1936.

Perhaps it is an unfortunate consequence of our motorized society that most citizens only encounter the police directing traffic. It is certainly not easy to feel a warm empathy with the man who waves at you frantically and overwhelms you vocally. As an antidote, I would suggest that every citizen should spend an evening on the receiving end of the Toronto police communications centre where calls from the frightened, the helpless, the infirm, the victims of fearful accidents, the threatened, the molested, and the hopeless pour through in a relentless torrent. Only then is it possible to understand that the police of this city are a positive social force which can turn its back on no request for help – however sordid or sickening.

The man who heads this force today bears a great responsibility as he has done for eleven years. In an interview last summer in the *Toronto Daily Star*, he said of himself: "I am a long way from being the best police chief around. But I try to be reasonable and I try to be honest." Sir, your modesty does you an injustice, and I believe that the people of Toronto realize today the high stature of their police chief.

There are no aspects of police work that Chief Mackey did not experience intimately between the years of 1936 and 1958 when he became Chief of Police. He was successively a First Class Constable, a Detective, a Detective Sergeant, a Sergeant of Detectives, and finally an Inspector. The one interruption in that distinguished period was the two and a one-half years following March 1943, when he became one of the "policemen of the skies" as a Pilot in the Royal Canadian Air Force.

As in any field of public service today, the call to wider service is persistent, and James Mackey has answered that call faithfully – as Past President of both the Canadian and the Ontario Association of Chiefs of Police, as a member of the Executive of the International Association, as a member of the Co-ordinating Committee of Criminal Intelligence Service for Canada, and the Governing Body of the equivalent Ontario organization. His interest in education and development is equally apparent in terms of his membership on the Advisory Council of the Centre of Criminology at the University of Toronto, of the Advisory Committee of Seneca College, and the Advisory Committee of the Ontario Police College.

In the *Toronto Daily Star* interview to which I referred, Chief Mackey expressed concern that: "The individual . . . doesn't understand what the policeman is trying to do." The members of the Empire Club of Canada are happy that you have agreed to speak today and to contribute further to our understanding of the objectives of the Metropolitan Toronto Police. This year, we have chosen to invite to the Empire Club those who can discuss with authority subjects which form the front line of the issues before our society. "To Serve and Protect" is a noble calling, indeed, and that is what Chief Mackey has chosen to speak on today.

MR. MACKEY:

Gentlemen: thank you for your kind invitation to speak to this distinguished gathering.

I suppose that most of you would like to know a little more about the operation of your police department, and about some of the controversial subjects involving the police which hit the headlines from time to time.

What might be called the first police force in Toronto was established in 1834, the same year that the Town of York was incorporated as the City of Toronto. The Force operated under a committee of council until the year 1858, when it was placed under a Board of Commissioners of Police, made up of the Mayor of the City, a York County Judge, and a City Magistrate. Over the years, other police forces were formed in the surrounding municipalities, some under the control of Boards of Commissioners of Police, and others under the control of committees of the local councils. Boards have been a most successful means of control of police departments.

Following the creation of the Municipality of Metropolitan Toronto in 1953, a special committee, under the chairmanship of the then Reeve of Forest Hill, Mr. C. O. Bick, was set up to study the advisability of amalgamating the police forces of the City of Toronto and the twelve suburban municipalities. This committee recommended that not only was it desirable, but it was a necessity to amalgamate all of the thirteen forces. As a result, in 1956, the provincial government enacted an amendment to the Municipality of Metropolitan Toronto Act, and the Metropolitan Police Force came into being on January 1st, 1957.

Amalgamation of the forces has been successful, and has been studied by many legislators from the United States. A good measure of the success is due to the efforts of our own Board.

Since the formation of the Metro Force, we have seen great changes in crime and traffic trends, in law enforcement, in attitudes towards the punishment of offenders, towards discipline, and towards morality. We have seen demands for ever increasing civil rights and privileges, and we have seen the tremendous growth of the metropolitan area.

Let us take a look at the increase in crime over the past ten years.

While the population has increased a little more than 28%, the number of Criminal Code occurrences has increased more than 93%. In terms of crime rate per thousand population, this means a jump from 38.3 per thousand in 1959, to 56.8 per thousand in 1968.

While I do not intend to bore you with a lot of figures, you might be interested to know that during the same period, the number of Metro Police personnel (excluding civilians) increased from 2,141 to 3,187; motor vehicle registrations increased from 498,273 to 784,940; and traffic accidents increased from 22,664 to 34,204. For the first year of amalgamation, police expenditure was $12,660,019. Our estimated total expenditure for 1969 is $42,999,423.

There are several reasons to take into account when studying the increase in crime.

First of all, we are now recording all crimes known to us. For example, at one time, a crime committed by a juvenile was seldom reported as an occurrence unless it was a major offence. Today, we have a youth bureau working with the young people and, even if no charge is laid, an occurrence report is completed, and it is recorded as an offence. I might add here, that practically all juveniles charged are released to their parents for appearance in court.

Citizens are reporting more crimes. In the past, many citizens did not bother to report smaller thefts.

The increase in the number of beverage outlets, and hours of sale, has increased the number of assaults, assaults and robberies, and other offences.

The great increase in the abusive use of drugs, such as marijuana, barbiturates, and amphetamines has led to more criminal offences.

Bail is granted to practically everyone charged with a criminal offence, regardless of the person's background and, in some instances, individuals have been bailed as many as five and six times on different offences before coming to trial on the charge for which they were first arrested. It is commonplace for an individual to be arrested and bailed and, while on bail, found again committing the same type of offence.

The more heavily populated areas of the city bring people into conflict with each other, and this develops a higher crime ratio.

I am sure you are all aware of the suggestion that the sale of marijuana should be legalized, subject to certain controls. Some would not be concerned and, as a matter of fact, recommend its use, even to their own children. This seems unbelievable.

Let me give you some statistics as to the increase in the use of drugs in Toronto. In 1964, only 93 persons were charged under the Narcotics Control Act, of which 7 involved marijuana. By 1968, some 671 persons were charged, and 597 involved marijuana. The 1969 figures will be even higher.

Drugs are being used in the high schools and universities, and by some of the senior public school children, and I don't think you or I can afford to take a neutral position over this problem.

There is probably no greater or frequent concern to every parent, or grandparent, than that regarding the current drug scene. There is the fear of the drugs themselves. There is the fear of their effect on the body and mind of the youngster. There is the fear that drug use will lead to something worse. There is the fear the teenager will abandon school and other worthwhile goals. And last, but not least, there is the fear of the disruption of family ties.

This fear has possibly already struck home for some of you. We always like to think it can't happen to us, but it has happened to many families, some of whom have come to me personally, and to our Morality Bureau, looking for help and guidance.

We hear from many sources that marijuana is not addictive. This may well be so, but surveys carried out in the United States and Great Britain show that the majority of those questioned about how they got started on heroin, indicate they had begun on marijuana.

On the other hand, many youngsters have tried marijuana, and abandoned it.

We know of no case where marijuana, barbiturates, amphetamines, and L.S.D. have been of any help to any individual when they were not used under medical supervision. Further, as far as I know, marijuana has no known use in medical practice.

And it should also be remembered that in 1957, the World Health Organization placed marijuana in a special category with narcotic drugs that are particularly liable to abuse, and even though there is a very vocal minority clamouring for restrictions to be lifted, I think this is one area where we should proceed very slowly until we learn the results of the experiments which, I understand, are now being carried out under the auspices of the federal government.

Apart from the drug users, from whom adverse criticism can always be expected, the police have been criticized by some members of the news media, by certain members of the medical profession, and other well meaning, but often misinformed, individuals, about the manner in which they enforce the drug laws. And yet what do most of these critics offer in return?

According to an article which appeared in a Toronto newspaper last week, none of Metro's handful of medical experts in the drug field has any kind of an answer to the problem. Police campaigns against "speed" and other drugs leave the experts laughing, according to the article. But what do they offer to replace them?

Also, according to these experts, police are more ignorant about drugs than most people. But what are the experts doing to dispel this ignorance?

One could shrug off this sort of thing because the paths of history are paved with the opinions of thousands of so-called experts who eventually have proven to be wrong, but what concerns me is that this destructive criticism of the police and, in particular, dissemination of distorted information, can only help the drug pusher.

I am greatly concerned that the youth of this country, and some adults, are being misled in the use of drugs, and we should do everything in our power to prevent their indiscriminate use.

What seems to be overlooked by some people who become so outraged when the courts impose heavy sentences on drug traffickers is that drugs are circulated by the pushers, not because they look on themselves as benefactors, or because they are interested in the welfare of the young, but because they are interested in making money – and lots of it. They haven't the slightest interest in the adverse effects of the drug on the user. It is, therefore, up to the public, of which you are a very important part, to support the courts, and the police, in their efforts to control drug abuse of all kinds.

While on this subject of drugs – and enforcement – and permissiveness – I can't help but compare the situation with that in the world of horse racing. There they have the strictest rules imaginable concerning the use of drugs on horses, and woe betide any person suspected of using any kind of a drug before a race.

Everybody seems to agree that very strict rules are necessary, and these rules are supported by everyone connected with horse racing, right down to the two dollar bettor. Why is there this strong support? The answer, of course, is money. Nobody wants to be cheated. But where human beings are involved, it's a very different story, isn't it?

One last word about this very serious problem of drugs. A number of pharmaceutical manufacturers, wholesalers and retailers, who have become vitally concerned about the increasing misuse and abuse of drugs, have united in a common effort to combat the problem through a national programme of preventive education, and to this end they have formed an organization called the Council on Drug Abuse, CODA, for short.

They would welcome your help and, if you are interested, you can obtain further information from the executive director at 43 Eglinton Avenue East.

Another problem which is disturbing me a great deal is the matter of pornographic literature and films. We have quite a flood of it today, and I suggest you take a walk up Yonge Street, drop into some of the book stores, and see the material that is being sold under the sacred name of art.

Also, take a look at some of the restricted films and plays that are shown here from time to time. Those of you who do not know what is going on will probably get quite a shock.

On this whole question of pornography, I would say to you – do not sit back and leave it to the police to express an opinion on your behalf. Make your opinion known to the federal and provincial authorities.

If you believe that pornography should not be given free licence, let your voice be heard. Let your voice of protest be as loud, and as strong, as of those who would have us believe that, under the guise of democracy, free speech, and art, anything goes.

In the whole field of crime – and drugs – and pornography – it would be well to remember Edmund Burke's warning of two hundred years ago – "The only thing necessary for the triumph of evil is for good men to do nothing."

No doubt, another area of concern to you is that of organized crime. Is crime, or some areas of crime, controlled by the Mafia from across the border, or within our own borders?

Well – we do have organized groups who perpetrate large frauds, large thefts, etc. We have always had such groups, but today they are much more sophisticated, operating in much the same way as any efficient business.

We have a number of people in this province who are associated with the Mafia, or Syndicate, as they are sometimes referred to, but to the best of our knowledge, they do not have control over any particular phase of crime operation.

We are concerned, however, with attempts being made, and some of which are apparently successful, to purchase businesses in Ontario with money which cannot be successfully investigated back to its source. There is every reason to believe that this kind of money is also being used to buy Canadian stocks.

This is an area where some of you may have suspicions regarding the purchases of businesses. We would, therefore, ask your co-operation in bringing such suspicions to the attention of our Intelligence Bureau, or the Intelligence Bureau of the Ontario Police Commission, as we have law enforcement people actively engaged all over the province trying to keep out this Syndicate that has such control over some areas of crime in the United States. We hope to have some more definite guidelines for you in the very near future.

Although the Brockville Trust robbery took place in 1954, it is still an outstanding example of the international transactions of stolen securities, and the large number of people involved. Within forty-eight hours of the reported theft, bonds from the bank showed up in Switzerland, and some were also offered the same day for sale in Toronto. Since that time bonds from this bank have shown up in various parts of the world, especially in New York and Chicago. In Canada they have been recovered in Montreal, Toronto, Hamilton, and Vancouver. In one instance, the investigators were able to determine that a quantity of the bonds – $50,000 worth – were in a bank at Newark, New Jersey, and the very next day they were in the possession of an insurance adjuster in Montreal. Many of these bonds came to light when the financial institute, which was holding them for collateral, presented them for payment.

A few years ago a doctor's home was entered in Burlington, and a number of bonds were stolen. They appeared to have vanished from circulation until recently, when they came back to this country, through financial channels, for payment. They were traced back to a firm in Lichtenstein, where they had been sold.

Our department is still investigating the theft of a $100,000 Government of Canada bond from a local brokerage house. The bond, after being stolen, was sold, and other stock certificates obtained for it. Some of these stock certificates were eventually sold in the Toronto area, and others were sold in Switzerland. Two men are presently under arrest and awaiting trial in England. One of these men had close connections with people in the United States and Canada who have, in the past, been involved in the handling of stolen bonds, and it is believed that he has been used as a courier.

In 1968 it came to our attention that seven million dollars in securities had been stolen from a New York brokerage house. Several persons have been arrested, and the stocks and shares are turning up in Boston, New York, Miami, Montreal, Hamilton, and Toronto.

Unfortunately, our investigations are involving not only known criminals, but also others who, prior to this, had no known contact with the criminal element. We believe it is because of the enormous amounts involved that some of these people have been influenced into taking a chance.

There is no set pattern for the possession of these bonds. We have come across them in possession of various individuals who appear to be closely connected, by association, whether they are in Canada, the United States, England, or other European countries. Some of the bonds are tendered in a group, possibly to the value of $100,000, stolen from a bank, but amongst them will be a $100 bond stolen from a housebreaking.

I am not trying to sensationalize this situation, but I want to point out to you where businessmen can get badly involved, and to give you some idea of the scope of these operations.

This brings us to the use of audio surveillance, which has been such a controversial subject over the last two or three years. Let me assure you that unless you are involved in crime you have absolutely nothing to worry about your telephone being bugged by the police.

I think I should make it clear also that the Canadian Association of Chiefs of Police recommended that the use of all types of audio surveillance be made illegal, except by law enforcement agencies. We did recommend to the House of Commons Committee on Justice and Legal Affairs that the control of the use of audio surveillance should be left to the discretion of the chiefs of police, and I am still of that opinion. Our only interest in the use of such equipment is to protect you and the rest of the citizens of Canada. I hope that the legislators will agree with us.

I am sure another concern to you is what to expect from your police department. I am referring now to the recent situation in Montreal.

Was it money alone that created the problem in Montreal? No doubt, it was part of the problem, but I think it was desperation that triggered the incident. For too long now the police have been criticized publicly for every error they make, and for the many they do not make. They have been on the defensive for so long, something had to give.

Do not misunderstand what I am saying. We must be subject to constructive criticism and in no way do I support any stoppage of work or slow-down by police officers. I am confident that we have all learned a lesson from the Montreal incident, and that it will not happen again in Canada. But I would suggest that you do not forget about the people you have hired to protect you, and that you do your best to see that they are treated as fairly as anyone else in the community.

From time to time, we receive harsh criticism regarding the conduct of police officers and, sometimes, incidents are blown up out of all proportion to the actual occurrence.

I think it would be helpful to the police, and the public, if the critics kept a few facts in mind on these occasions.

For instance, in 1968, over 420,000 motorists were stopped in Toronto and summonsed for a variety of offences under the Highway Traffic Act. Over 40,000 persons were arrested. Nearly 300,000 were stopped and questioned. Some 34,000 traffic accidents were investigated. Tens of thousands of calls requesting police attendance at all kinds of incidents – including such volatile affairs as disputes between landlords and tenants, and husbands and wives – were answered. From all of these innumerable, and very personal contacts between police and public, a public which it should be remembered is made up of very many different personalities, we received 278 complaints concerning the conduct of individual officers. Most of these complaints were of a comparatively minor nature, and many of them were completely unfounded.

You might also be interested to know that I personally receive, on an average, about fifty letters a month from citizens commending police officers for acts of courtesy and kindness.

And now I would like to say a few words about the administrative side of the force.

Like most businesses, we have found it necessary to pay more and more attention to informing the public of our services. For example, in our constant fight against crime, we are seeking, by means of our Checkmate and other programmes, the active help of the public, and I am glad to say that we are meeting with some success.

Many persons are becoming increasingly concerned over the problems of the police, and we have received, and are receiving, many offers of assistance from public-spirited individuals, and companies, in the advertising and other fields, and from the news media.

By its very nature, policing cannot ever hope to win one hundred per cent support from all sectors of the community, but we do want, and in fact need, the support and understanding of all reasonable law-abiding citizens.

We are constantly exploring new methods and new ways to prevent crime, as well as apprehend criminals, and for some time we have been experimenting with the use of closed circuit television. We have used it for the surveillance of stores, shopping plazas, demonstrations, and cell block areas in police stations and the results have been gratifying. We hope that within the next year or two it will be possible to have both fixed and mobile installations in continual use.

One very important sector of the police department that receives very little publicity, but without which it would be practically impossible to operate efficiently, is the communications branch. Last year, more than one and a half million messages were sent out over the air and, with the steady expansion of the force, the system is now overloaded.

Plans are well under way for a completely new set-up involving telephone, teleprinter, mobile, and hand-carried communications facilities. The nucleus of this system will involve the use of twenty-four radio frequencies, and the police computer will be used as a means of storing and distributing requests for police assistance.

The new system will be designed with a capability which will permit the eventual installation of teleprinters in mobile vehicles, and the possible implementation of a vehicle locating system which could operate to an accuracy of 150 feet.

Beat radio systems, separate from the system used to communicate with the vehicles, will provide extended two-way communications with police officers on foot patrol.

When completed, I believe we will have one of the finest police communication networks on the continent.

In the fall of 1968, an I.B.M. 360 Model 20 computer was installed at police headquarters, and approximately seventy source programmes have been written covering various areas in the police administrative field.

Most of our senior officers have attended study sessions covering its operation, its uses and benefits, and we are now in a position to take full advantage of its capabilities.

Eventually, it is hoped we will be tied in with provincial and national police computers, and be in a position to check out suspected persons, and identify stolen cars and other property, within a total time of less than four minutes.

Before concluding, I would like to comment on the many articles that are appearing in the press which would lead us to believe that the majority of the younger generation have either taken to the drug habit, or have experimented with it.

Very definitely, we have a serious situation with some young people taking drugs. However, it is our experience that the very large majority of young people in Toronto are good, intelligent, clean cut youngsters. But all of them need help and assistance at some stage of their adolescence, and to those of you who have children, I urge you not to abandon them to the outside world altogether. Live with them. Try to understand them. Be with them during their difficult times.

In this regard I was pleased to see the letter in a Toronto newspaper yesterday from a Grade 13 class at Ajax High School indicating that, in the opinion of the class, not anywhere near 60% of the students were drug users. I agree with that opinion.

In conclusion, gentlemen, may I just say that while we are going through uncertain times today, I am sure I speak for every member of the Metropolitan Toronto Force, and for many thousands of police officers across the country, when I say that our job is to serve and protect, and we will do that with all our strength.

Mr. Mackey was thanked on behalf of the Empire Club by Mr. H. Allan Leal.

NOVEMBER 27, 1969

The Mid-Canada Development Corridor Conference: A Growing Force in a Growing Country

AN ADDRESS BY Richard Rohmer, D.F.C., Q.C.,
BARRISTER AND SOLICITOR

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

It is always a fascinating process to ponder how little the fundamental character of Canada changes. Were we gathered together in this room ninety years ago, although our speaker might have chosen the Pacific railway as his subject, the fundamental objective would remain the same. In his study of John A. Macdonald, *The Old Chieftain*, Professor Donald Creighton tells us why:

> "The project of a Pacific railway through Canadian territory was a project only less formidable than that of the Dominion of Canada itself. The Dominion and the railway would both encounter the same acute difficulties for they shared a common ultimate objective. The prime purpose of Canada was to achieve a separate political existence on the North American continent. The prime function of the Canadian Pacific Railway was to assist in this effort. . . ."

Canada may subsequently have been caricatured as a railway in search of a nation, but today we have an inspiration in search of support and encouragement. I believe that the underlying objective of the "Mid-Canada Development Corridor" is no different from that of any of our great development instruments. In the mind of its originator, Richard Rohmer, the "Mid-Canada Development Corridor" is a means of ensuring the continuation of a separate political entity on the North American continent.

We are, indeed, fortunate that the father of that concept has agreed to speak to the Empire Club today and I am doubly proud, as one of the mid-wives at the birth of the Mid-Canada Development Corridor Conference, to introduce him to you.

Richard Rohmer has lived according to the phonetics of his name, driven by a restless energy that has taken him to various places and led him to numerous accomplishments. His schooling in Ontario was split between Hamilton and Fort Erie and, after serving in the Second World War, he attended Assumption College of the University of Western Ontario where he took his Bachelor of Arts in 1948. He attended Law School at Osgoode Hall, receiving his call to the Bar and qualifying as a Barrister and Solicitor in June of 1951. His principal counsel has been in municipal law and before administrative tribunals, but he has also written and published several books and articles.

Clearly, places and people are a source of infinite mystery and fascination for Richard Rohmer, both of which come strongly together in the Mid-Canada Corridor concept. He served in the R.C.A.F., as a fighter pilot, from 1942 to 1945, flying Mustang I Aircraft in the European theatre; in particular, he participated in the D-Day operations leading to the invasion of Normandy, and in the fighting over France, Belgium and Holland. He was awarded the D.F.C. in 1945. Actually, his taste for the air only subsided in 1953, if indeed it has, when he retired as Wing Commander after presiding over Reserve 400 and 411 Squadrons in the City of Toronto and the County of York.

To recite a complete list of his contributions as a Councillor in North York and his involvement in charitable work would be tedious for him and time-consuming for you. Suffice it to say that he flies as fast on the ground as he ever did in the air.

Where will the concept of Mid-Canada go? That depends on Richard Rohmer, but it also depends on us. The real power which made it possible to put men on the moon was the firm conviction that this feat could be achieved, rather than the technology by which it was achieved. By the same token, the firm conviction that all of Canada, and not just an elongated band in the south, can be fully developed may be a first step towards its realization.

To tell us why he hopes and believes that it will, I am happy to present a Canadian with a vision, a vision based on what this country set out to be, what it continues to seek, and what it must be determined to become. Gentlemen, I present Richard Rohmer, proud father of an exciting idea, that may even result in the twenty-first century belonging to Canada.

MR. ROHMER:

During the past few months, the Mid-Canada Corridor concept has attracted increasing interest among those concerned for the future of this nation. Those of us who have been involved from the beginning are no longer content to describe the character and promise of mid-Canada. We believe that the time for action has arrived.

The most immediate need is the creation of a crown corporation with multi-government sponsorship which would be charged with the responsibility for research and the creation of the policies and a plan for the orderly development of Mid-Canada.

The Mid-Canada Planning Corporation would have as its board of directors representatives of all of the provinces which have lands in mid-Canada and, as well, representation by the federal government which, of course, is directly responsible for the government of the Northwest Territories and the Yukon.

No single government would have control of the board. The permanent staff of the Mid-Canada Planning Corporation would be small and would be selected from among Canada's most qualified land-use planners, sociologists, engineers, architects, and other disciplines and skills. In turn the Corporation would retain the research services of similarly qualified persons including members of Canada's universities and professional firms and corporations.

The Mid-Canada Planning Corporation will be at work for at least five years before it begins to emerge with meaningful policies and a plan for submission to and adoption by the governments represented on its board of directors.

These policies will cover a broad range of subjects largely related to the creation of new urban communities. The main questions to be answered for Mid-Canada relate to people and the establishment of urban forms of settlement. We are an urbanizing society. Some projections indicate that by the turn of the century – thirty years from now – over 80% of our population will be in urban communities.

One of the principal functions of the Mid-Canada Planning Corporation will be to work as a co-operative, co-ordinating body between the provinces and the federal government; between the provinces themselves; and – those of you who are familiar with governmental interdepartmental co-operation can test the need of this next proposal – also between the departments in any one government, be it federal or provincial.

The policies which the Mid-Canada Planning Corporation will have to consider relate to such matters as how do you get people into Mid-Canada; what kind of housing do you provide for them; what tax incentives should be given; what transportation should be provided and at what rates; how do you get secondary industry into the region; what about educational facilities from kindergarten through university; what about shopping facilities; do we need special immigration policies? These are but a few of the questions.

Perhaps the overriding question is this: should we create cities in Mid-Canada and if so what form should they take in order to provide each citizen with an opportunity to achieve the best possible life style for himself and for his family?

Now, having discussed with you an approach to Mid-Canada and the creation of a Planning Corporation which can range across this country, secure the participation of Canada's best intellects and move in a co-operative, co-ordinating way among our governments and their departments, I wish to take up with you the question of whether a comparable body is needed now, forthwith, to deal with the critical problems of the cities of Canada South.

We have enormous problems facing us in our cities. What concerns me most is that I can see no single-headed, strong, forward-looking, multi-disciplined body designed to assess these problems and to mount a co-ordinated attack. Instead I see a multiplicity of federal, provincial and municipal government agencies all fighting under their own flags on their own little piece of the battleground.

The federal government has a stake in the provision of financing for housing, for the creation of incentives to attract industry into certain areas, for the lending of money to municipalities to construct sewers and other services. The federal government has a stake in our cities but is limited in its involvement by the BNA Act.

The provincial governments are really the central governments in terms of land use planning, regional economic planning, regional servicing and education. But none of the provinces has yet produced comprehensive land use and economic development plans, proposals or guidelines for the growth of its cities and urban centres.

Planning (land use and economic) has traditionally been left to the local municipalities which are limited in their geographic size and in their power to raise money to keep abreast of the rising demand for services caused by a rapidly increasing urban population.

The population of Canada is growing rapidly and with it the time for decisions for the cities grows shorter.

I will use Metropolitan Toronto for convenient examples of the problems but I stress that the perspective must be nationwide because the growth situation prevails in all our cities throughout the nation.

There will be another one million people in Metro Toronto and its surrounding region within the next ten to twelve years. Metro Toronto itself is growing at the rate of 60,000 persons a year. This is the equivalent population of many of Canada's cities and yet the housing, schooling, transportation and other services, the jobs, the supporting industries, all must be created at the same time.

Let me ask some of the questions which follow this growth fact:

How big should Metro Toronto (any city) be permitted to grow; or should there be no limit?

If there should be a limit to the geographic size, and therefore the numbers of people, what should the limits be, how should they be determined, and what are the alternatives? You will not stop the demand for growth by merely drawing a line. The city is attractive. It is where the action is whether it is Montreal, Halifax, Edmonton, Vancouver, Metro Toronto or any other of our equally important growing urban centres.

Do you draw a line and then say we will establish an encircling girdle of green belt and then a new series of small urban centres (say 5,000 persons, i.e. small town communities where inter-person human responsibilities are strong as is the real sense of "belonging" which is lost in the faceless "big city") which are interconnected with a central or town centre core where industries, regional shopping centres, university, community college, theatres and other facilities are located?

Or do we draw a line around the city, lock all our growth inside it, create our dwelling units in vertical apartments and (this is the last thing we usually consider but it should be our first) thrust our young families and children into this vertical pattern of living?

We all know that it is impossible for the average working man to buy a house for his family in most of our cities. What a dreadful indictment of our society.

The motor vehicle population is increasing at the rate of 15% a year and with it a parallel pollution of the atmosphere. The cities are moving inexorably and without plan or control toward a strangulation by the automobile and by the roads and expressways which it demands.

Pollution of our air and water has become a major public concern but we are still a long way from effective remedial action. Harsh and costly measures must be taken.

Are we paying any attention at all to what is happening to the cities in the United States, or are we so smug as to think it can't happen here?

At the beginning of this week a statement was issued by the United States "National Commission on the Causes and Prevention of Violence and of Violent Crimes: Homicide. Assault, Rape, and Robbery." The findings of this Commission which is headed by Milton Eisenhower are so shattering as to compel one to say it can't be true. But what they say is true and in Canada we had better start paying attention.

These are just a sample of what the Commission predicts for the cities of the great United States.

> "The way in which we have so far chosen to deal with the deepening problem of violent crime begins to revise the future shape of our cities. In a few more years, lacking effective public action, this is how these cities will likely look:
>
> "Central business districts in the heart of the city, surrounded by mixed areas of accelerating deterioration, will be partially protected by large numbers of people

> shopping or working in commercial buildings during daytime hours, plus a substantial police presence, and will be largely deserted except for police patrols during night-time hours.
>
> "High rise apartment buildings and residential compounds protected by private guards and security devices will be fortified cells for upper-middle and high-income populations living at prime locations in the city.
>
> "Suburban neighborhoods geographically far removed from the central city, will be protected mainly by economic homogeneity and by distance from population groups with the highest propensities to commit crimes.
>
> "Lacking a sharp change in federal and state policies, ownership of guns will be almost universal in the suburbs.
>
> "High speed, patrolled expressways will be sanitized corridors connecting safe areas, and private automobiles, taxicabs, and commercial vehicles will be routinely equipped with unbreakable glass, light armour and other security features.
>
> "Streets and residential neighborhoods in the central city will be unsafe in differing degrees and the ghetto slum neighborhoods will be places of terror with widespread crime, perhaps entirely out of police control during night-time hours. Armed guards will protect all public facilities such as schools, libraries, and playgrounds in these areas.
>
> "Individually and to a considerable extent unintentionally, we are closing ourselves into fortresses when collectively we should be building the great, open, humane city-societies of which we are capable."

It is safe, smug and typically Canadian to say it can't happen here.

But even if we said, "We accept the warning," who will act upon that warning in this Canada of three divided camps – the federal camp, the provincial camp and the municipal camp, each with its own arsenal of power entrenched in the hallowed British North America Act?

How can we Canadians get these governments to recognize that the Canadian battle for the cities is one which they must fight together shoulder to shoulder and is not a battle in which they fight each other? How can we get these governments to use the powerful flexibility of the BNA Act as a bridge instead of a wall?

I am one of those who believes that we have men in positions of leadership in our governments today who are perfectly capable of coming together to fight the battle for the Canadian cities and to work out the strategy, the tactics, the policies and a joint plan of action so that the growth of cities is in accordance with well thought out policies and plans for people, their environment, their education, their social needs, their industries and for the use of the land in and around the cities.

In terms of mechanics I see a structure for the bridging of the BNA Act in a form similar to that which I outlined earlier for the Mid-Canada Planning Corporation but broadened to include on its board of directors appropriate representation on behalf of the municipal governments of Canada.

There must be countless numbers of ways of structuring a multi-governmental body which is charged with the responsibility of research, the examination of the problems of the cities of Canada and the preparation of policies and proposals for consideration by the people of Canada and the governments which represent them.

Canada is a nation possessed of incredible resources. Among its 21,000,000 people are some of the best brains in the world in virtually every field: medicine, architecture, engineering, the arts, sociology, commerce and finance and the art of government.

Our physical or natural resources are spectacular in terms of oil, gas, timber, minerals and tourism; and in terms of a vast, virtually unopened superbly attractive boreal forest which is the heart of Mid-Canada.

The challenge of Mid-Canada can be no more and no less than the challenge of Canada's battle for the cities.

The challenge of Mid-Canada can be met and the battle for Canada's cities can be won by the same means, that is by the use of our knowledge, our intelligence, and our technology to create both short and long range policies and plans for the orderly growth and development of this nation.

Mr. Rohmer was thanked on behalf of the Empire Club by Mr. W. B. Harris.

DECEMBER 4, 1969

Nigeria-Biafra Tragedy: Any Hope?

AN ADDRESS BY Dr. E. H. Johnson,
MODERATOR OF THE PRESBYTERIAN CHURCH IN CANADA, AND VICE-CHAIRMAN OF CANAIRELIEF

Ladies Day

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

Last Friday, the newspapers carried reports of a 70-minute meeting which had taken place late on a cold November afternoon – Thursday, November 20th. The meeting was symbolic in a number of ways, but three aspects deserve particular consideration today.

In the first place, the meeting represented a continuation of the ongoing relationship of church and state, for it involved a discussion between Prime Minister Trudeau and Dr. E. H. Johnson in his capacity as Vice-chairman of Canairelief. In the second place, it represented the paradox that so often emerges between politics and people, when the individual becomes squeezed in the tight vice of bureaucracy and our democratic institutions. Thirdly, and above all, I would imagine that the conversation revolved about a simple, but eternal, question: what value do we attach to a single human life? That is the question to which all others must be subservient, that is the question which explains why Dr. Johnson is so deeply preoccupied with Nigeria-Biafra, and that is the question which links the first two aspects together: the church and state, on the one hand, politics and people, on the other hand.

Today, the press is filled with reports of the vacant pew and social philosophers describe contemporary society as "the post-Christian era". Some churches employ the services of the public relations man to improve their image and all attempt to build a bridge over the generation gap. Yet, the tireless efforts of Dr. Johnson and other churchmen – clergy and laity – to relieve the suffering in Biafra is evidence enough of the primary and essential role of the church: the maintenance of the highest standard of human concern.

Dr. Johnson and his colleagues have demonstrated that there is a continuing place for the individual, in a free society, to mobilize human concern in a programme of action. At the time of that conversation to which I referred, the House of Commons was busily debating the technicalities of international law, the constitutional niceties of recognition of Nigeria or Biafra, and the political hazards of daylight flights into Biafrian-held territory. While recognizing the complex web of international law and order, we can also insist that humanity must come first and that individuals must forever crusade to relieve human misery.

Some may ask: why Biafra and not Nigeria, or Viet Nam, or the Middle East or, for that matter, the Canadian Arctic? The fact remains, and I suspect our speaker would say, that it matters not because people are more important than politics. It may be difficult for the individual to know how to stop Nigerians and Biafrans from the senseless idiocy of murdering each other, but he can come to the rescue of the innocent victims of megalomania. This is what Dr. Johnson and Canairelief are doing and thank God for them. Recent disclosures of the massacres in Viet Nam have made a mockery of the judgment at Nuremberg, at the very time Canadians have been steadily giving life, sometimes at the price of their own lives, to starving Biafrans.

A brief review of Dr. E. H. Johnson's career makes it clear that his work in Canairelief is but a chapter in a consistent life story. Born in Montreal, he graduated from McGill University with the gold medal in mathematics and physics. He studied theology at Princeton Theological Seminary and did graduate studies at New College, Edinburgh and the University of Berlin.

In 1935, he was appointed by the General Board of Missions to overseas service in Manchuria where he served until 1941, when forced to withdraw by the Japanese aggression. Then, for five years, he was Secretary for Missionary Education of the Presbyterian Church in Canada and, from 1947-54, General Secretary of the Student Volunteer Movement for Christian Missions, based in New York City.

However, his international church statesmanship has flourished mainly since 1954 when he became Overseas Secretary of the Presbyterian Church in Canada, with responsibility for the church's overseas missions. This work has taken him around the world many times to the church's continuing battleground – the Caribbean, South America, Africa, Japan and Formosa, and to numerous assignments in the World Council of Churches.

In much of this work, he has been joined by his charming wife, whom we welcome today. Mrs. Johnson was born in Pennsylvania, is a graduate of the Ohio Wesleyan University and completed Nursery Training in Boston – a form of American investment in Canada about which not even the most ardent nationalist dare complain.

Ladies and Gentlemen, I suggested that the issue before us today was the value of a single human life. It is a pleasure to call upon Dr. E. H. Johnson, the Moderator of the Presbyterian Church in Canada and Vice-chairman of Canairelief, to talk about the future of thousands of lives. His subject: "Nigeria-Biafra Tragedy: Any Hope?"

DR. JOHNSON:

I am delighted to have the opportunity

to address this Club on the Nigeria-Biafra situation and what we in Canada are doing about it, both in trying to promote peace and to give relief, because I believe this is one of the most important concerns now before the Canadian people.

A few weeks ago, when I passed through London, I was interviewed on The World at One, one of the most widely heard news programmes of the BBC. The interviewer, a hard-nosed type, with good blunt questions talked with me for a few minutes about the situation generally, and then started the interview. "I am glad," he said, "to have with us, today, someone who can talk on the Nigeria-Biafra situation. We have all been greatly disturbed by reports that thousands are starving to death, and then we hear that the reports are all propaganda and that nobody is starving at all so that we are completely confused, and we would like to know what the real facts are. I am glad to be able to present to you, today, a man who has just come from Biafra, one who has absolutely impeccable credentials, the Moderator of the Presbyterian Church in Canada." And then he put me on the air.

When I returned to Canada I ran into a good bit of criticism in talking with groups here and told them the story of my BBC interview. "I may be impeccable in Britain," I said, "but here in Canada there is a great deal of pecking."

It is natural that in a matter of this kind on which there has been very contradictory information, there should be criticism, and here in Canada, as in Britain, people are interested in getting hard facts.

Those of us who have been deeply involved in the relief effort on both the Nigeria and Biafra sides are, of course, more concerned than the public generally to get hard and accurate information, because the relief effort is carried on at great cost. We in the airlift have had twenty-five crewmen killed because of the difficulty of the flights. For this reason, I, personally, have made it my business to go into Biafra frequently because I wanted to know exactly what was happening. I did not want to be involved in a relief effort that was not meeting a real human need.

This is an issue in which we must avoid all too common emotional judgments and try to take a cool and rational look at facts which can be secured and are known to people who are in touch with both the Nigerian and Biafran sides. It is also an issue in which we must be careful to avoid partisan interpretations and activities. The final decisions in the conflict must be made by the Africans themselves, and we who are participating in relief, and in seeking to promote peaceful settlement, should not let ourselves become involved in a partisan way on one side or the other of the conflict.

I myself was involved in Nigeria for some twelve years before the war began in overseeing the diverse activities of our Church's overseas programme, which was started mostly in Eastern Nigeria, the area in which Biafra is located, but extended also to Lagos, the Federal capital, and Ibadan, the university city in the west. Through these mission contacts I had become quite familiar with the country and was well acquainted with many of the leading political figures who now are the leaders on both sides of the conflict. For this reason, we in the Presbyterian Church in Canada felt that we had a very special responsibility to do everything in our power to promote peaceful settlement. Because we had been involved in hospital work and schools, we were very much aware of the terrible needs of food and of medicine, and felt we should do everything in our power to provide help in order that the children and other innocent civilians should be able to survive during the period of blockade.

At this time we need accurate facts and clear thinking so that we can identify the real question the conflict poses for us. It is not whether we support Federal Nigeria or Biafra, but whether we can take a non-partisan position and support a peaceful settlement which recognizes the rights and concerns of both sides of the conflict.

The war has now gone on for two and a half years and constitutes perhaps the major disaster area in the world today. It is estimated that more lives have been lost in the Nigeria-Biafra war than in both the Viet Nam and Middle East wars during the same period. Conservative estimates approved by an investigating team of U.S. experts, by the International Committee of the Red Cross, by U.N.I.C.E.F. and by the church bodies who are deeply involved in relief work on the ground, agree that some two million people have died, most because of starvation. The war has been vastly destructive to the economy and has set the country back in a way that would take many years of normal economy to restore. In spite of great suffering the end of the war is not in sight. While Biafran supplies of food and arms are dwindling, the morale is good and the numbers on that side are much larger than would appear when one looks at a map which shows Biafra as only a very small percentage of the total Nigerian territory, and progressively decreasing.

During the past year, we in Canada have been very active in the programmes of relief, for Nigeria as well as for Biafra, but a great deal more has been heard about the Biafran relief because the blockade has necessitated the night airlift and this has been heroic and spectacular. Canairelief planes have established a magnificent record since January 23, 1969, when they began flights. Up to the present time they have completed 524 flights and delivered a total of 8,329 tons of urgently needed food and medical supplies. We have lost one plane and a crew of four who were killed when that plane crashed. The reports which come to us daily indicate that last night our planes completed five flights and took in a total of seventy-nine tons of supplies.

There has been a great deal of international talk about the possibility of daylight flights, and we in Canairelief are fully informed about the detail of these talks. We ourselves have been involved in conversations seeking a workable formula for daylight flights because we know how hazardous the night flights are, both because of anti-aircraft fire and bombers and other military hazards and, also, the intrinsic difficulties of night flights into a small jungle airport without radar and other normal flight aids.

I myself have experienced something of the hazards of these flights, having been into Biafra four times this year. My last flight was in early August, one week after one of our Canairelief planes had crashed. As usual, we felt our way through the overcast to Uli airstrip, but had a fairly safe flight and came out with nothing more than a bullet lodged in one of the engine cowls, which had hit the plane when we were at four thousand feet gaining altitude on the return flight. Perhaps more dangerous than the guns and bombs were the hazards of weather. Sitting in the small jump seat in the cockpit behind the pilot one sensed this as the pilots carefully felt their way down through cloud and low ceiling, flying completely by instruments, with the aid of a weak radio beacon from the narrow landing strip, and having the ground lights turned on only twenty seconds before the plane actually touched the runway. The pilots and crews have performed a heroic achievement in carrying out over 500 flights under these conditions.

The Biafran authorities have been under severe criticism by the world press, and I am sorry to say by our Canadian Government also, for not allowing daylight flights. The actual fact is that, on many occasions, General Ojukwu has stated that Biafra is ready to have daylight flights if a formula of flights can be set up which does not endanger basic security. The particular daylight flight proposals which have been turned down are ones which would have been difficult for any of the relief organizations to accept because they allowed the relief operation to become mixed up in the same air corridors as the military operation and this would have made it very difficult to control as a relief airlift.

I expect that you, along with other Canadians, are interested in the response of the Canadian government to relief needs. Canairelief has made requests to the Canadian government, one, only a few days ago, asking their support for this massive relief airlift. We pointed out that other governments have supported their voluntary relief organizations, that, specifically, the American, West German, Dutch, and Scandinavian governments have all done so. All of these are the governments of respectable, careful nations equally concerned with Canada to maintain a neutral position, but they have been moved by humanitarian considerations to take an action which does have some risks. We have pointed out to the Canadian government that to assist Federal Nigeria by aid and relief programmes, and not to assist Biafra, is to support one side in a civil war and to depart from the neutrality which our government claims is the basis of their policy. We have reason to feel that Mr. Trudeau and some of his advisers are sympathetic to our request and hope to have a favourable response before Christmas.

People rightly raise the key question about the prospects for peaceful settlement of the war. When one faces the question of how to move towards peace, one feels a little like the stranger who was lost in southern Ireland and asked the old farmer how to go to Dublin. The Irishman replied: "If I wanted to go to Dublin, I wouldn't start from here." If one is concerned about peace, this is a bad moment from which to start. There have already been a number of formal peace negotiations which have not been successful, probably because they were used more for propaganda purposes than for serious conversation and negotiation. It is encouraging that preparations are now underway for another series of talks in Ethiopia under the chairmanship of the Emperor of Ethiopia, in the latter part of this month. Those of us who have watched the war, and know the suffering on both sides hope that the long continuation of the war will lead both sides to a negotiation which will succeed in finding a constructive plan for peace.

Perhaps the most hopeful prospect for peace is in events which bring increasing pressure on both sides to make a more intensive search for ways to end the war. On the Biafran side there has long been a desire to reach a settlement because the blockade has imposed terrible suffering on the people, and they have believed from the beginning that the war had to end in conversation, and the sooner such conversations could take place the better. On the Nigerian side, the war did not cause too much suffering or hardship until recent weeks. Now the oil production has been seriously cut and the money from oil royalties which has helped to finance the war is reduced at a time when the military activity must be increased. There is reason to believe that a failure to end war soon could lead to serious political tensions and dissensions within the Nigerian governing group. Events of this kind may force both sides to more flexible negotiations which could lead towards a settlement.

Surely no future course could be more harmful than a prolonged attempt to end the war by military means. For Biafra it would be a disaster because of the further suffering and loss by death of their children and multitudes of innocent civilians. For Nigeria, the war is costly because it is gradually eroding the great promise which Nigeria had when it became independent in 1960, of being the strong and stable country of Africa giving leadership to the whole of that continent. The longer the war goes on the more Nigeria becomes recolonialized, with commitments to Britain and Russia and other countries which support her in the war. The continuation of the war is leading to the increasing involvement and influence of the USSR in Nigerian affairs. It is also leading to serious tensions between top political leaders on the Nigerian side. The continued attempt at a military solution could only be at the expense of leaving a major area of the country largely desolated by war and its aftermath and its people alienated from their brethren. A military solution of the conflict would be a backward step for Africa because it would establish a precedent which one hopes Africa does not need to see, that is, that a government can do anything it wants to a minority within its bounds, in order to maintain a particular type of political structure. The war is a disaster for the world because Nigeria had promise of being the great and hopeful leader of Africa and one of the great countries of the world, and with a military solution, would begin the next phase of its national life by establishing by force what should be established by negotiation. While many Nigerians and many others in Europe justify the Nigerian war by referring to the American civil war, one hopes that the world has advanced in solving differences beyond that tragic conflict in North America one hundred years ago.

Many voices are saying rightly that this is an affair for Africans to decide without the intervention of outside groups. The Organization of African Unity has taken this position very strongly, yet at the same does not protest the intervention of Britain and Russia which is the decisive factor in Nigerian strength. Those who want to help the situation, should maintain that this is a decision to be made in Nigeria by Africans, and outside powers should withdraw arms support from both sides.

In ending I would say one word about our part in Canada. I believe we continue to have a responsibility in two fields. First of all, in relief. The Canadian people have done a tremendous job in supporting Canairelief and that support is growing day by day. May I assure you that in spite of contradictory information the starvation situation has been very bad and we should be supplying twice as much food and medicine as is now getting into the country in order to provide the minimum amount people need. Secondly, we have a contribution to make in terms of peace. Our Canadian government could play an important role in giving leadership to many nations of Europe and of Africa that would like to promote peaceful settlement but are unwilling to take the leadership risks themselves. Within recent months we know from our associated groups of Joint

Church Aid that the United States, West Germany, Holland, the Scandinavian countries, and some of the African countries would have supported efforts to set up peaceful negotiations if Canada had given leadership. We should continue to pressure our Canadian Government to play a bolder and more creative role in seeking to encourage negotiation talks through the United Nations or through special conversations called for this purpose. Here is a place where concern for humanity should take precedence over all other considerations.

Dr. Johnson was thanked on behalf of The Empire Club by the Very Rev. E. M. Howse.

DECEMBER 11, 1969

Policy Formation in a Rapidly Changing Society

AN ADDRESS BY
The Honourable
Edward R. Schreyer,
PREMIER OF MANITOBA

CHAIRMAN
The President,
H. Ian Macdonald

MR. MACDONALD:

In preparing for the centennial celebrations next year of the entry of the Province of Manitoba into Confederation, the people of that province adopted the slogan "Going to Beat 70". Today, I have the pleasure of introducing a political leader who did just that, by becoming Premier of his Province in 1969. We congratulate you, Sir, on your outstanding achievement of last summer and couple our congratulations with good wishes for a successful administration and a prosperous Manitoba in the decade of the Seventies.

Mr. Schreyer has had a remarkable academic and political career, rivalled in velocity and rate of vertical ascent only by that of another professor-politician, the Right Honourable Pierre Elliott Trudeau. Both his political loyalty to the New Democratic Party and his political success began at an early age. His attainment of high office actually followed eleven years of parliamentary service, so that "the young chieftain" is, in fact, "an old warrior".

Born in 1935 in Beausejour, Manitoba, Premier Schreyer was educated in the local schools and at the University of Manitoba. His undergraduate and graduate degrees were in Arts and Education, from which he embarked on a teaching career in political science and international relations at the University of Manitoba.

However, his period of double-barrelled public service, or "moonlighting", to use a pre-Apollo XI idiom, began when he was elected to the Manitoba Legislature in 1958. At twenty-two, he became the youngest member in the House – the William Pitt of Manitoba – as the representative of the constituency of Brokenhead. He retained that seat in both the 1959 and 1962 elections.

Although it is a fact too often overlooked both in our educational system and in our public discussions, Canada is a federal, not a unitary, state. Not infrequently, a man described as a genuine federalist is thought, by that term, to be one for whom the federal government alone is responsible for the national interest. For that reason, among others, it is surely of great value to our federation for politicians to serve both in a provincial legislature and in Parliament; it is even more important to move back and forth between the two places. Edward Schreyer has done both. In the 1965 federal election, he entered the House of Commons as the member of Springfield and, in 1968, was re-elected as the member of Parliament for Selkirk.

On June 7, 1969, the New Democratic Party of Manitoba held a leadership convention. Edward Schreyer was elected leader and, in turn, resigned from his Commons seat. There must be few political parallels in Canada for the drama which followed, for he led his party to an election victory a mere two and one-half weeks later and, by mid-July, had become the youngest Premier in Canada.

Youthfulness in high office clearly holds no fears for Mr. Schreyer, although the tasks ahead are formidable. With a majority of one and several Cabinet Ministers sitting in the Legislature for the first time, he faces heavy parliamentary responsibilities in addition to the carriage of two Ministerial portfolios. However, Premier Schreyer is a member of the East St. Paul Curling Club so that, presumably, he is accustomed to manoeuvring on thin ice, to sweeping away obstacles in his path, and undoubtedly, to proceeding with granite-like determination.

Professors are often students of policy, while politicians are practitioners of the art. It is not surprising, then, that the professor-turned-politician should choose the title "Policy Formation in a Rapidly Changing Society" for his address today. Policy must always be responsive to change, but when change is rapid the task is compounded. It becomes a process of the vivisection of sacred cows and the burial of decaying dogmas; above all, it demands a frank assessment of goals and of the means of achieving them.

The story is told of a young economist being sent to a developing country to study certain problems and asking: "Before I begin, would you please tell me what answer to the question the government wishes me to find." If the ultimate concern is the public interest, governments must be objective, whatever their ultimate goals. From all accounts, Premier Schreyer believes in that proposition. We welcome you to the Empire Club of Canada, Sir, and we look forward, with great interest, to hearing your views on "Policy Formation in a Rapidly Changing Society".

MR. SCHREYER:

In public life, just as in the private mind, the debate over means and ends is a continuing, vexing, subtle – and an utterly important – process. Is there such a thing as a common public good? If so, what is this ultimate good? If not, is there a legitimate proxy for the ultimate good: some tangible end, however tentative, towards which we are all morally bound to strive?

These are difficult questions. They have been debated since time immemorial. And their difficulty has hardly lessened in proportion to the length or the complexity of this debate.

On some suitable occasion in the future, I should like to take up certain of the questions about values that are relevant to our society today. But here, this afternoon, I wish to focus on one part of this debate that, for all its strategic relevance to the policy issues of our times, is too much neglected in the public forum. I refer to the question of means, as distinct from the question of ends.

When the history of our times comes to be written, historians will record that this was the era of a new renaissance in the social sciences. They will almost surely find that, during the life span of those of us here today, man for the first time confronted some of the classic socio-economic problems of all times, with new tools, of unprecedented effectiveness – and solved them!

Ours is the age of techniques. The new renaissance of the social sciences has brought us the techniques of market research and public opinion polling; of systems analysis and mathematical programming; of benefit-cost measurement, programme budgeting, game theory, and optimum organization design. But at the same time that our newfound techniques have brought us a material abundance that has no parallel in all of recorded history, these techniques have also raised two important challenges: two challenges that we dare not ignore, and that are, in an urgent sense, the key challenges facing our society.

The first of these two challenges is a negative one, for it charges us with a responsibility to abandon certain old ideas and honoured traditions that have outlived their usefulness. The second challenge is a positive one, and it charges us with a responsibility to find sound, new ideas, and effective, new traditions, to cope with the problems of our modern, rapidly changing society and, more importantly to seize the unparalleled opportunities for human development with which it presents us.

Let me deal with the negative challenge first. In an important sense, it is the more difficult of the two, for it entails our grasping and controlling an irresistible force: the force of social change.

Social change, after all, is a fact of life. For the practical politician and academic theorist alike, there can never be a question of creating social change. It exists. It occurs by itself, without asking for the premier's permission.

The question before us is not how to create social change, but how to co-ordinate it towards humane and constructive ends. The power of social change we may take as a given datum. But social power in the raw, so to speak, is not necessarily coherent and articulate and purposeful. Undirected, raw social power can spend itself in chaos and waste. It needs direction. It needs co-ordination. It needs focus and purposeful organization.

In the old days – in the days before our present age of techniques – the blueprints that were advanced for structuring social change were simple enough. Some said that social energy – the raw forces of social change that were abroad in the land – should be channelled according to a blueprint called free enterprise. Others said that a blueprint labelled socialism was the right one to use. Still others advocated a master plan called communism. And there was a blueprint called fascism.

There was a decided moral tone to the advocacy of each of these blueprints for social change. To the free enterprisers, morality was unrestricted competition; to the socialists, morality was a division of the gross national product based on individuals' abilities and needs; to the communists, morality was a division of the gross national product according to the distribution of the so-called labour power that alone was allegedly responsible for producing the G.N.P. in the first place; to the fascists, morality was order.

Now one of the most striking features of our present age – the age of techniques, the age of McLuhan's global village, the age of rapid change – is this: the blueprints that everyone knows are necessary for channelling social change towards constructive ends, are no longer advocated out of a particular moral posture. They are advocated, instead, as technically sound and logically coherent programmes for getting the things done that everybody knows must be done. Today rockets take men to the moon and back; we possess electronic computers that compress entire lifetimes of tedious calculation into a few minutes of silent machine-thinking; we have at our disposal the techniques of on-line, real-time management systems, and pert networks, and linear programming, and statistical decision theory. Thus those who persist in seeking solutions to our contemporary social problems solely in terms of the old orthodoxies of capitalism and socialism, and so forth, merely reveal their ignorance of the powerful techniques for policy formation that the contemporary social sciences, in their new renaissance, have put at our disposal. Political philosophy has a valid and important role in public affairs – but in the realm of identifying problem areas and assigning priorities in the context of the type of society we wish to shape.

Even in the policy formation process, technique – ideologically and morally neutral technique – has encroached on ideology. And those who have failed to recognize this development have paid a high price. Let me give you an example.

One of the most powerful tools of the modern economist is a technique called "linear programming". In certain quite realistic circumstances, when you have a limited quantity of resources at your disposal and you wish to apply them in the scientifically most effective possible way, in your pursuit of some set of objectives, linear programming can tell you – in a way that nothing previously could – exactly how you should apply your resources. In recent years, linear programming has proven itself as an extremely powerful and profitable technique in the planning of economic processes as diverse as feed-lot operations on a farm, factory production-scheduling in industry, petroleum refining, educational systems design, regional and national economic development, and even race-track betting.

The technique of linear programming was first developed in the Soviet Union, around 1938. But it was virtually suppressed there, because its internal logic contradicted the central Marxian belief about all economic value being derived just from labour-power. About ten years later, in the period 1948-50, linear programming was re-discovered, independently, in the United States, where it was quickly put to use – exceedingly profitable use – in both the private and the public sectors of the economy. Since that time, linear programming has achieved general recognition as one of the most important developments in the history of the discipline of economics. It goes without saying that today, linear programming is used throughout the world – even in the Soviet Union. And equally does it go without saying that the cost of suppressing linear programming for an entire decade, on ideological grounds – the cost of rigidly sticking to old blueprints long after they had been rendered obsolete – may be calculated in billions!

So, in our rapidly changing society, the blueprints that everyone knows are necessary for channeling social change towards constructive ends are no longer properly advocated out of adherence to a particular ideology. Instead, they are advocated, and judged, on criteria of technical soundness for solving problems that everyone recognizes as problems, and getting things done that everybody knows must be done. In 1848, one agitated for a graduated income tax with the moral fervour of a Moses – or a Robin Hood – in pursuit of social justice. In 1969, many support the graduated income tax as a deliberate technique of inducing a given tempo of economic growth – of shifting income from the hands of those whose marginal propensity to consume is smaller, into the hands of those whose marginal propensity to consume is larger. In the rapidly changing society of the 1970's, high interest rates are not immoral because they benefit the moneylending class; rather, they are undesirable because they inhibit the process of capital formation and thereby retard much needed social investment. One might continue at length in this vein. The merit of a universal, comprehensive system of medical care insurance is not that it issues from the socialist creed, but that it extends the population's life expectancy and improves aggregate – and therefore individual – productivity and enjoyment of life. And so on: I am sure you can supply many further examples from your own experience.

The first challenge that confronts us, then, in this age of techniques – the negative challenge, if you will – is the challenge of recognizing frankly that the old models – I am almost tempted to call them "the old stereotypes"– for public policy formation, the blueprints labelled capitalism and socialism and so forth, are no longer appropriate tools. To persist in seeing the contemporary political process as somehow a clash between the old left and the old right is to persist in outmoded ways. Of course, old habits are often comfortable habits; and the mere fact that they are inappropriate does not guarantee that they will be abandoned. If an aspiring businessman insists on using the simpler single-entry method of keeping his books, and turns his back on the more effectual tools of modern double-entry accountancy, he is welcome to his pleasure; but his business will probably fail. The man who is afflicted with pneumonia, and who chooses to ignore the availability of modern antibiotics, preferring instead to treat himself by the ancient humours system of medicine, can do this if he wishes – the superiority of modern antibiotics over old fashioned blood-letting does not by itself automatically guarantee that everyone will prefer antibiotics to blood-letting. But he will probably die. In the same way, the mere fact that today better ways exist of forming public policy than the old appeal to a socialist blueprint or a capitalist blueprint does not by itself automatically guarantee that these better ways will get used. That guarantee can come from one source only: from informed and conscientious citizens who have the courage and the determination to progress.

The second challenge that confronts us in this age of techniques – the positive challenge – is the task of fashioning, deliberately, the specific procedures and institutions and relationships and techniques of communication that will enable a needful citizenry to impress its wishes upon a conscientious and sensitive government. The tools for doing this are already at hand, products again of the social scientists' new renaissance. Now it is up to us to take these tools, and fashion them to constructive purposes.

The tools I speak of, though new, have already begun to change the structure of the private industrial corporation, and the corporation's ways of relating to its public. There is no doubt that they work. The most dramatic evidence of this is the appearance, during the past fifteen or so years, of the modern industrial conglomerate, an historically unprecedented form of private enterprise organization, one which has been spectacularly successful for its authors, and – here is the important point – one which could not have come into existence until the invention of computers and statistical control techniques and network analysis and shadow prices and many of the other techniques which I have already mentioned. These techniques are philosophically and politically and ideologically neutral, and offer the same benefits to the public sector that they have already delivered to the private sector. And they will inevitably induce a certain amount of restructuring of the institutions by which public policy is formed, exactly in parallel with the restructuring of private corporate decision processes that has already occurred in the industrial conglomerate.

Of course, there are certain problems about restructuring policy-making and decision-taking processes in the public sector which are unique to the public sector; and about introducing new methods and new tools there. One of these problems arises from the institution of job tenure in the civil service, a practice that has no full-blown counterpart in private industry. If you had a practical plan for eliminating poverty in Canada, absolutely and utterly and humanely, within (say) five years; and you got yourself elected, and into a position to implement your plan, how long do you suppose it would take to implement your plan? I suggest that it would take a good deal longer than five years; and that part of the reason for this delay would be the constraints on your ability to make personnel changes within the governmental bureaucracy.

There is a good chance that the policy views of a freshly-elected government may not entirely coincide with the policy views of the senior civil servants in that government's administration. This is understandable. After all, the civil servants in question may have received their formal educations – and therefore their inventories of professional concepts and attitudes and techniques – many years earlier than some members of the freshly-elected government; and in radically different times, economically and politically and socially. What courses are open to a government, *vis-a-vis* its senior civil servants, in such circumstances?

One course would be to abolish the convention of civil service tenure – or, if not to abolish it entirely, at least to compromise it here and there, as discretely as circumstances permit. This course, which as we all know has been practised by governments from time to time in the past, is both dangerous and stupid. It is dangerous because of the precedent that it sets; and it is stupid because it threatens precisely the class of dedicated individuals whose professional work has given us the political stability and continuity that we enjoy in this country.

Another course would be the course of persuasion: to explain and educate and finally truly to persuade your senior civil servants about the merits of your programme. With all due respect to the desirability of the educational process, I must pronounce this course rather impractical: politicians, after all, are not protected by the same rules of job tenure that protect civil servants; and the next election may unemploy even the politician who has proved himself an outstanding educator of civil servants, leaving his plans, however desirable, unimplemented.

No, if you want to get your plan for eliminating poverty implemented – if you want to translate into swift, effectual, practical action the new tools and techniques that the social sciences' renaissance continues to place at our disposal – you will need to adopt some other course than firing your senior civil servants or intimidating them, or brainwashing them. It may be that the universities' model is a good one to follow, here. As you know, there is a tradition of academic tenure in the universities; and this tradition is, if anything, even more entrenched in the universities than it is in the public service. Yet, on balance, tenure at the universities has proved more of an impetus to change than a bar against change. For one thing, tenured staff need feel no threat to their livelihood from new ideas and new procedures: they can accept both freely, without imperilling their jobs. For another thing, tenured staff enjoy the right of regular sabbatical leave, which makes their keeping abreast of the new developments in their respective professional fields more a routine expectation, and less a frustrating competition with their day-to-day responsibilities. Cannot a progressive restructing of our institutions in the public sector include, I wonder out loud, the introduction of regular sabbatical leave for our senior civil servants? If such a convention, by keeping them routinely and systematically in touch with the frontiers of knowledge in their respective professional fields, transmutes our top civil servants into a class of apostles for change, shortening by perhaps one entire generation, the gap between academic research and common public practice – who can deny that all of us stand to benefit?

The exact forms that any necessary restructuring will take in the public sector are not easy to foresee, and that is one reason why the job itself is so challenging. But this re-

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September 16, 1969 – The Right Honourable Michael Stewart, British Secretary of State for Foreign and Commonwealth Affairs.

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SEPTEMBER 19, 1969 – THE HONOURABLE GEORGE COLLEY, MINISTER FOR INDUSTRY AND COMMERCE IN THE GOVERNMENT OF IRELAND.

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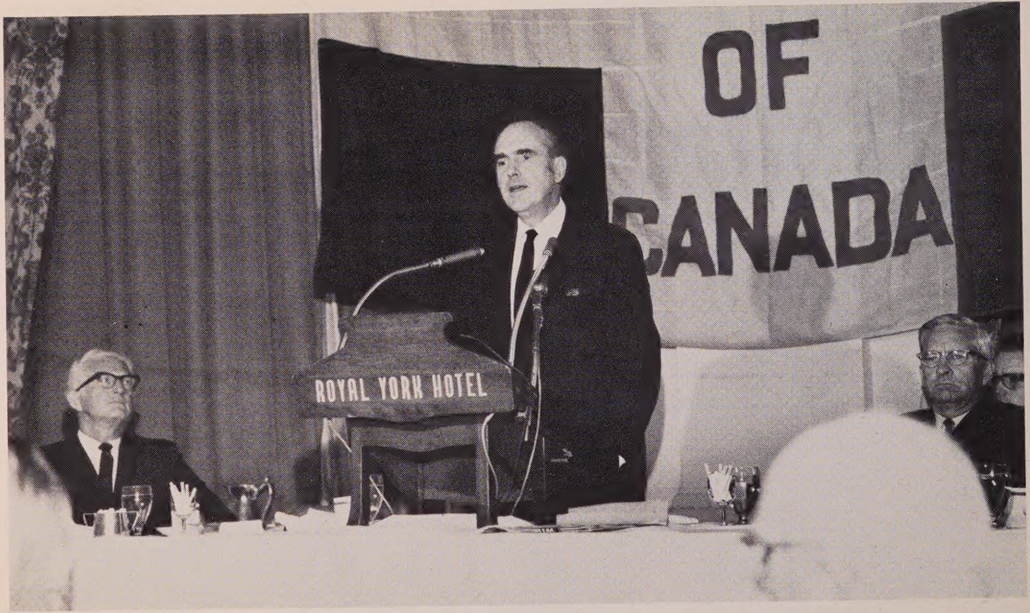
OCTOBER 2, 1969 – THE HONOURABLE ROBERT L. STANFIELD, LEADER OF THE OPPOSITION AND NATIONAL LEADER OF THE PROGRESSIVE CONSERVATIVE PARTY.


OF
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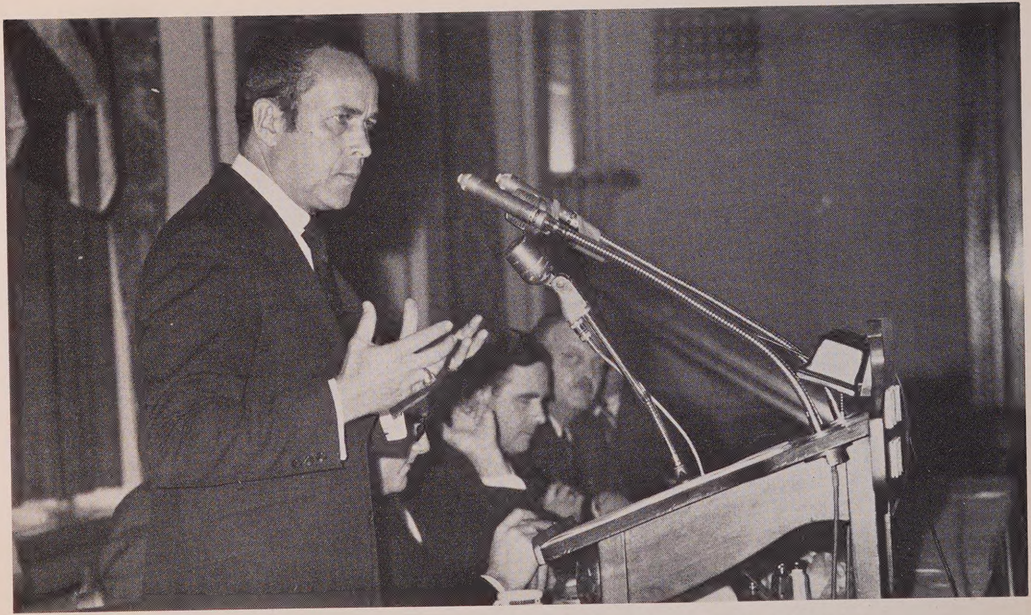
ROYAL YORK HOTEL

October 9, 1969 – Professor Andreas Papandreou, Professor of Economics, York University, and Chairman of the Panhellenic Liberation Movement.

ROYAL YORK HOTE'

NOVEMBER 10, 1969 – THE HONOURABLE JEAN-JACQUES BERTRAND,
PRIME MINISTER OF QUEBEC.



NOVEMBER 27, 1969 – MR. RICHARD ROHMER, Q.C., BARRISTER AND SOLICITOR.

CANADA
ROYAL YORK HOTEL

December 11, 1969 – The Honourable Edward R. Schreyer, Premier of Manitoba.

OF
CANADA
ROYAL YORK
HOTEL

January 22, 1970 – Dr. Wilfried Guth, General Manager, Deutsche Bank, ag., Frankfurt.

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February 5, 1970 – Dr. Paul W. McCracken, Chairman of the Council of Economic Advisers, Washington, D.C.

FEBRUARY 12, 1970 – CAPTAIN T. C. PULLEN, CANADIAN GOVERNMENT REPRESENTATIVE ON THE VOYAGE OF THE S.S. MANHATTAN.

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ROYAL YORK HOTEL

February 19, 1970 – Mr. Claude Ryan, Publisher of Le Devoir.

ROYAL YORK
HOTEL
CANA

February 26, 1970 – Sir Val Duncan, Chairman and Chief Executive, The Rio Tinto Zinc Corporation Limited, Chairman, Churchill Falls (Labrador) Corporation Limited, and Chairman, Rio Algom Mines Limited.

OF
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ROYAL YORK HOTEL

March 5, 1970 – Dr. Gustave Gingras, Executive Director, Rehabilitation Institute of Montreal.

OYAL YORK
HOTEL

MARCH 19, 1970 – THE HONOURABLE ERIC W. KIERANS, MINISTER OF COMMUNICATIONS.

DA
ROYAL YORK
HOTEL

April 30, 1970 – Mr. R. Burns Cameron, Chairman, Sydney Steel Corporation and President, Deuterium of Canada Limited.

CANADA
ROYAL YORK
HOTEL

JUNE 2, 1970 – DR. LUDWIG ERHARD, FORMER CHANCELLOR AND MINISTER OF ECONOMICS, FEDERAL REPUBLIC OF WEST GERMANY.

structuring must occur if we, the public, are to benefit from the new policy tools that lie at our disposal in this age of techniques. The shape of things to come in the public sector may perhaps be the United States Government's National Aeronautics and Space Administration (NASA), with its structure heavily dominated by a mission-oriented "critical path" methodology; or it may come out of the so-called McNamara Revolution in the U.S. Department of Defense – a revolution that has spilled over, now, into many other federal agencies of the United States Government, and which Robert McNamara himself is now in process of extending to the World Bank. Or the shape of things to come in the public sector may lie elsewhere. The positive aspect of the twin challenges that confront us today is to discern the shape of things to come, and to harness it to our needs from the earliest possible moment.

It was in the ancient Greek city state that the practice of political democracy reached its zenith, and enabled a flowering of human genius such as the world had never seen before. In part at least, this flourishing democratic freedom was enabled by the small size of the Greek city state – a smallness which made universal, individual citizen-participation in the public policy-formation process a practical proposition. Ever since that high point for political democracy, the forces of technology and demography and a thousand other irresistible determinants of human history have reduced the individual's ability to influence the course of governmental action. But may we not hope that in our time, in the electronic age, in the age of techniques, in the age of a new renaissance for the social sciences that we will know again what a pure political democracy is, and what genius man is capable of. The Greek city state has vanished into history, true enough. But it is possible for us to compensate for the small size of the ancient Greek city state with the electronic techniques and perhaps create a truly participatory democracy; where the sordid, immoral toil of Greek slaves is replaced by the efficient, morally neutral toil of the electronic computer. The hope that these things may be is surely not a vain hope, for the fantastic technology on which they depend already exists. I hope that we will have the courage and imagination to reach out and press it into our service.

Mr. Schreyer was thanked on behalf of The Empire Club by Mr. Arthur J. Langley.

DECEMBER 17, 1969

Christmas Luncheon

CHAIRMAN The President,
H. Ian Macdonald

Your Honour, Ladies and Gentlemen: I have, today, the happy task of extending a twofold welcome to our annual Christmas Party. First, I welcome all the members of the Empire Club of Canada as well as their families and their friends – not to suggest that the last two categories are mutually exclusive. I would recall, however, that the late President Kennedy, when asked why he hired so many of his relatives, replied that it was easier to fire a relative than a friend.

Second, may I extend a particularly warm welcome to our Honorary Vice-President, the Lieutenant-Governor of Ontario and to his daughter, Mrs. Haldenby.

The parody of that old Highland song may tell us that "the Campbells are coming", but obviously, Sir, the Macdonalds are here! At this, our fifteenth meeting since mid-September, the members of this Club are undoubtedly tired of listening to one of them, but take heart: there are only eighteen more meetings this year. However, I can assure you, Sir, that you suffer from no such disability in this company.

The Queen is the symbolic adornment of our constitutional system, crowning the pillars of our parliamentary democracy. For that reason alone, as Her Majesty's representative, you have our respect and our loyalty. But, Sir, we welcome you even more because no one could mistake you for other than a Canadian, indeed for other than an Ontarian; in fact, I know that the people of your native community think of you only as a Brantfordian. We think of you in all these ways and it is a great delight for us to have you as our guest. You are *primus inter pares* among us today.

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His Honour, the Lieutenant-Governor addressed the Club and brought greetings to those present at the Christmas Party. Mr. E. A. Jolliffe then presented a bouquet to Mrs. Haldenby, his Honour's daughter.

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Ladies and Gentlemen, may I turn from "the primus" to introduce "the pares"– our other guests at the Head Table. (Introduction of Head Table guests)

I now have a happy duty to perform, which I do so with particular feeling, as a half-spent President, who hopes that his spending has purchased a programme pleasing to his constituents. One of the many privileges and benefits derived from my association with the Empire Club of Canada has been the opportunity to serve under Ted Jolliffe, our immediate Past President.

We all admired the quiet dignity with which Ted Jolliffe conducted the affairs of this Club last year and the sometimes cryptic, but always apt and illuminating, manner in which he presided over meetings. He was under great pressure, I know, with cases before the Supreme Court of Canada and as a result of the appointment of one of his partners to the Bench in mid-year, but he produced a balanced diet of speakers, with some gourmet delights, climaxed by the notable D-Day Dinner last June. Mr. Jolliffe is now Chief Adjudicator for the Public Service Staff Relations Board in Ottawa and, after a long period on the opposition benches in the Legislature of Ontario, I imagine that he is invulnerable to any bureaucratic snares and delusions. I only hope, Ted, that the rigours of last year in office with the Empire Club did not drive you to escape from the real world and to seek refuge in Ottawa. You are welcome here any time, and I have the happy duty to present you with this illuminated scroll, signed by our Honorary President, the Governor General, which I do now on behalf of the Board of Directors and our entire membership.

It is a matter of great regret that your calm and charming wife was unable to be here today, although we welcome your sister. Mrs. Jolliffe has not been well but, at this very moment – Christmas deliveries being willing – a bouquet of flowers is being dispatched to her at home in Ottawa with our love and good wishes.

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Mr. Jolliffe replied briefly.

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The far bank, rather than mid-stream, is the place to thank those who assist in the affairs of this Club. However, I may not have such a large gathering of members as this at our Annual Meeting. May I, then, at this time, say a word or two of appreciation to our Past Presidents, to all our Committee members and, in particular, to Mr. Bath, our Secretary-Treasurer, who, in addition to his daily duties, also chaired the committees planning the Kennedy dinner and this luncheon, to Harold Gillingham who arranges our 500 Head Table guests each year, to our Office Secretary, Miss Groves, who I believe is still speaking to me, and to several lovely ladies present today, who are responsible for the secretarial work of our Committee members.

* * *

Your Honour, Ladies and Gentlemen: The Empire Club is a distinguished institution, whose name derives from a period of history, whose activities now also encompass an empire of ideas, whose concern is for an even wider universe of people, and whose role is firmly directed at the highest standards of performance by our beloved country, in all its parts. Even at the respectable age of one hundred and two, Canada still represents to the world an image of youth and vitality. For that reason, I am delighted that we can enjoy today the St. Michael's Choir School Junior Choir – young voices which will exalt the meaning of Christmas just as they symbolize the promise of Canada.

* * *

May I thank the Choir, wish you and them a Merry Christmas, and ask, as we contemplate the tasks, responsibilities and blessings of this country in the new decade of the 1970's, that you all rise and join in singing, in this, the Canadian Room, our National Anthem, following which I would ask all to remain standing while the Vice-Regal Party withdraws.

JANUARY 8, 1970

The Economy Enters a New Decade

AN ADDRESS BY Dr. Arthur J. R. Smith,
CHAIRMAN OF THE ECONOMIC COUNCIL OF CANADA

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

When a small group of leading citizens met at Webb's Restaurant on November 18th, 1903, the outcome was the foundation of the Empire Club of Canada. The founding of this Club was based on a concern that a strong core of British Unity should be retained in the life of this country. Although the records are unclear, it is safe to presume from the history of the day that the Britain tradition was to be cherished, not only for its own distinctive value, but as an important element in Canada's national identity.

The British Empire has virtually completed its metamorphosis to Commonwealth, inspiring in its method and instructive in its lessons to the troubled world of today. The Canadian identity has also broadened and deepened into a rich mosaic of determined and self-determining people. What will that identity become and what will shape it? Presumably, the gentlemen in Webb's Restaurant were conscious of the magnetic attraction to the south, just as we are today. That is one reason why we are devoting a large part of our programme this year to the contemplation of those matters which will contribute to a richer Canadian identity. In that manner, I believe we are carrying forward the historic objectives of this Club, in a contemporary setting.

For the same reasons, we were particularly anxious that Dr. Arthur Smith, the distinguished Chairman of the Economic Council of Canada, should be our first speaker in 1970. We are entering a decade that could well be vital, not only for Confederation, but also for the Canadian economy and the quality of life sustained by it. Before we are fully launched in a new cycle of the urgent taking precedence over the important, we have an opportunity in this first week of the new decade to assess the long-term potential of Canada and the policies prerequisite to its fulfilment. In the long run, we may all be dead as Lord Keynes suggested but, in the short run, we suffer from anxiety neuroses in matters of the economy. The corps de ballet of prices, production, employment, profits, stock values, bond prices and interest rates dances with such frenzy that we forget the prima ballerina waiting to come on stage.

To the eternal credit of Arthur Smith, his predecessor John Deutsch, and the members of the Economic Council of Canada, they have stressed the long-term problems and opportunities of the Canadian economy and appealed to our higher motives in terms of the social objectives of economic policy. This has not been an easy task; it never is and never will be, but we would be the poorer without it.

The story is told of the three professional men debating which profession was the oldest, medicine, engineering, or economics. The doctor claimed that medicine must be the oldest, because the doctor it was who fashioned Eve out of Adam's rib and, without that notable clinical performance, there would be no history of mankind. The engineer replied, however, that, before that event could take place, someone had to bring order out of chaos. That was the job of the engineer and he must have preceded the doctor. But the economist fixed a cold eye on both and said: "I want to remind you who created the chaos in the first place."

I realize that such an insinuation would be an insult to our speaker from anyone but another professional economist. However, Arthur Smith demonstrated a very orderly progression to the top of his profession, through undergraduate studies at McMaster University and a doctorate at Harvard. His career has been nothing if not varied: a Teaching Fellow at Harvard, an Economist from 1950-54 with the Federal Reserve Bank of New York, the Canadian Economist for the National Industrial Conference Board, and several key positions with the Private Planning Association of Canada.

From 1963-67, he was a Director of the Economic Council of Canada and became Chairman in 1967 when Dr. Deutsch was appointed Principal of Queen's University. His first Annual Review spoke of poverty and social purpose in Canada, revealing a concern that all Canadians should share in the rich promise of this land. His most recent Annual Review described some of the hard discipline that will be required to manage our economy and to exploit its great potential. If we are not equal to the task, the fault will not be Arthur Smith's. I am happy to invite you, Sir, to take us, now, on a journey along the route that should be followed by the Canadian economy "into a new decade".

DR. SMITH:

Mr. Chairman, Mr. Minister, head table guests and gentlemen. It is a great honour to have been invited to speak to you here today and when your Chairman invited me to come, I accepted with pleasure.

But I recall that on the last occasion on which I was invited to speak to this Club, now a little over seven years ago, I talked about a subject which subsequently had some consequences for me! And I thought perhaps I should be more careful today. On that occasion I spoke about four or five weeks after the government of the day had indicated in a speech from the Throne that it intended to set up a new institution in Canada to be called the National Economic Development Board. I thought it might not be inappropriate on that occasion to talk about some of the issues arising from this proposal. I entitled my remarks then, “Some Questions About Economic Planning for Canada.” My intention, as I stated it at the time, was to promote some public discussion and dialogue about what kind of a role such a new institution might play in this country. I had little appreciation of the fact that within a period of about ten months, those remarks were going to be used as part of a persuasion to encourage me to accept an appointment to just such a new institution, the Economic Council of Canada, when it was established in 1963. So I shall be very cautious in what I say today.

At the beginning of a new decade there is, I think, a great temptation on the part of all of us to escape from the horizons of our day-to-day tasks and concerns and to think a little bit about the future. Today I am going to succumb to that temptation. One of the remarkable things about the developments of the past quarter century – one of the things that distinguishes it, I think most profoundly, from the preceding quarter century – is that in many new and different kinds of ways, and in many different places in our society, we have come to think more and more about the future.

Over the preceding period from the First World War to the Second World War, we went through a whole series of pressures and crises and dislocations of various kinds – preoccupations with the problems of the First World War, then with some of the problems of the turbulent twenties, then with the grim Depression problems of the thirties, and then with a new round of problems in war again.

We went through that sort of period in a situation in which the great weight of attention was focused almost continually on current issues. I think this is perhaps rather well summed up in a little story that is told about Lord Beaverbrook when he was in charge of aviation production in the British Wartime Cabinet. He apparently arrived at his office every morning and, after assembling his senior staff, invariably started off the discussion with the same question: "Gentlemen, what is the bottleneck this morning?" It is said that on one such occasion one of his staff members truthfully and promptly replied: "Bottles, sir."

This was a period in which there were no conferences on the future, little written on the future, and very little study of the future. There was a constant preoccupation with problems as they arose or, perhaps more typically, hectic efforts to try and cope with problems after they had arisen. Among the more forward looking initiatives that appeared from time to time there was a very high death rate, as the urgencies of the moment regularly became superimposed on efforts to look further forward. It was, in other words, a period in which there was very little development of thought, information or ideas relating to the future.

Then, just near the end of the Second World War, the scene suddenly changed. It changed very dramatically within a few years. In particular, in Canada and in the United States and the United Kingdom, there was a breakout of concern about post-war reconstruction, about certain kinds of changes that might help to create in the post-war period a new and different kind of world in which the stagnation and dislocation problems of depression could be averted and avoided. New hopes and new efforts were directed to the possibilities not only for repairing wartime damages and for facilitating adjustments from wartime to peace-time conditions, but also for creating new structures and new policies to facilitate sustained domestic growth at high employment, and to foster both strong growth in world trade and the development of a stable international monetary and payments system. Some of the best minds in the world were encouraged to design a number of new kinds of institutions, new bases for policies, and new ways of approaching problems, with a view to establishing a radically different environment in which the dangers of returning to the difficulties and problems that had been experienced before the War would be minimized.

In the development of these new institutions and policies, Canada played a very important, indeed in some respects a pioneering role. This is a role which we can be very proud of, as Canadians – a role which has perhaps not been fully and adequately recognized by most Canadians. The hallmark of these remarkable developments a quarter of a century ago was the emergence of future-oriented policy planning.

In the past twenty-five years, something like a revolution has taken place in the field of "looking ahead"– perhaps particularly in the field of "economic looking ahead". It used to be considered to be the main task of economists to explain what had happened and why it had happened. But increasingly it has become their responsibility – increasingly they have been expected – to foretell what would happen and why it might happen, or what should happen and how it could be brought about.

I have already referred briefly to that remarkable period at the end of the War and the early post-war period when efforts were made to "look ahead" over a number of years into the longer-term future and to try to create a new basis for good performance in our domestic economic system and in the international economy.

About the same time, in the late nineteen-forties, we became increasingly interested in questions of economic stability and in questions relating to shorter-term developments in the economy, within business cycles. Along with that came the major development, initially largely in the Department of Reconstruction, of assessing short-term business trends. It is a little-known fact that, as part of this development, the first econometric model for forecasting purposes was created in Canada in 1947, and that this model is still in operation today. It is now in the Department of Finance. It is the oldest continuously operating forecasting model in the world. More generally, we devoted growing analytical resources to shorter-term assessment of recent business conditions and the short-term business outlook. Economics has greatly improved its performance in this field over the past two decades. We have had enormous improvements in information and data in the development of new foreshadowing statistics of various kinds, in technical developments, in the development of expertise and skilled manpower in this field in many parts of our economy, both in the private sector of the economy and in government.

Then, in the mid–nineteen-fifties we had another outstanding development in "looking ahead" in Canada. A Royal Commission was appointed on Canada's Economic Prospects. This Commission produced a long-term view of the future development of the Canadian economy. There was a great deal of value in the final report of that Commission and in the numerous accompanying studies – a great deal that is valuable and that was never as fully exploited as it might have been. Perhaps one of the reasons is that unfortunately this work was completed (the final report appeared in 1957) just on the threshold of a rather extended period of slack and poor performance in the North American economy. In such periods attention inevitably tends to get focused on the problems of the moment. The longer-term projections of this Commission were rather less relevant to many of the concerns and problems at that time. Yet that report stands – again not merely in the Canadian historical context but in the world context – as an outstanding venture, an outstanding contribution in looking to the future.

Against the background of the rather poor performance in our economy in the late nineteen-fifties and the early nineteen-sixties, and of increasing frustrations about how to get improved performance in our economic system, another new venture in looking ahead emerged in the early 1960's – in the form of the Economic Council of Canada. This body was established to take a look into the medium- and longer-term future with a view to clarify some of the goals and objectives which we, as Canadians, ought to set for ourselves, as well as to assess how the economy was progressing towards goals of these kinds and to consider what kinds of decisions and policies would facilitate the maintenance of sustained progress towards our basic economic and social goals.

There are many other illustrations of "looking ahead" which might be cited. Among these are efforts to develop what might broadly be termed "private planning". We have, in fact, had a very remarkable development in Canadian business in looking ahead in many different ways, in examining market prospects and possibilities, in considering investment plans for the future, in developing (more recently) increased interest and attention to manpower planning, to management development, and to research and development activities. Similarly, as governments have grown and as a great many new programmes and activities have developed, an increasing amount of looking ahead and planning has been introduced in various ways within government, too.

This increasing orientation to the future has come to affect almost every aspect of our lives and of our society, and I would suspect that as we move through the nineteen-seventies, we will find ourselves giving increasing attention to more systematic, more comprehensive, more sophisticated means of looking into the future and of preparing and planning for the future. In this context, I would stress particularly, certainly in regard to the field of economics, that concern about medium- and longer-term future is a crucial matter. One of the most important lessons we have learned over the post-war period is that once major economic problems develop – once major shortfalls from high standards of performance occur, for whatever reason – there are usually no quick or easy solutions to these problems.

When higher unemployment developed in North America at the end of the nineteen-fifties and built up to very high levels in Canada by 1960-61, it took several years to reduce these high levels of unemployment significantly. Even by 1963, after a couple of years of significant expansion of the economy, we still had five and a half per cent of unemployment, as you may recall. Similarly, in the last few years, we have seen the emergence of substantial and persistent price and cost increases. These, too, have proved to be very difficult to slow down even with very powerful demand restraint policies that we have had operating in Canada. To take a completely different field, when housing starts fell back in 1966 and housing completions in 1967, against the background of very rapidly growing households in Canada, we developed housing shortages which created imbalances and difficulties which have persisted even up to the present time in the housing field. There are many more illustrations that could be cited in other fields and I think there are a whole series of important lessons that could be learned from these experiences – our frequent failure to grasp the magnitude and severity of emerging economic problems until they have become serious; the fact that most policies for coping with such problems, given the nature and complexity of our economy and social system, take a considerable length of time to produce significant results; the fact that the most effective policies for dealing with any serious set of economic problems are, therefore, not likely to be those currently in operation or even recently implemented but those introduced much earlier; and the fact that far too much energy and attention tends to get focused on methods for dealing with serious problems after they have arisen, in relation to the energy and resources devoted to analytical and advisory mechanisms for anticipating potential problems before they arise. We are still very much at a stage where the preponderance of effort is in searching for cures rather than in finding effective means for preventing problems from arising.

Despite the increased attention to looking forward to future economic developments, which I have already stressed, there is a need for still more comprehensive and systematic looking forward as a basis for policy planning both in the government and the private sectors of the economy. Moreover, it is clear that we need to find, especially in today's world, extraordinary wide choices available to us (in relation to the limited means), more appropriate mechanisms for reaching a broad and intelligent consensus in our society about our future needs and objectives, together with stronger and more explicit commitment generally by decision makers to the goals which emerge from the social consensus.

There is an annual cycle in many aspects of human affairs and we are now in that season of the year when a great deal of attention typically tends to get focused on the shorter-term economic outlook for the coming year. We are now in one of those periods of economic troubles and uncertainties in which there is a widespread tendency to concentrate a very large part of our attention on short-term problems. Yet it is precisely in these kinds of conditions that it is more than usually important to take a good look further ahead in order to minimize the danger that short term and ad hoc solutions to deal with current problems may lead to new problems or to impede further progress towards good performance.

We are entering the nineteen-seventies with an economy that is certainly in much better shape than we entered the nineteen-sixties, but we have a very wide array of perplexing questions: What are the causes of, and appropriate measures for dealing with, the large, widespread and persistent price and cost increases about which so many Canadians are concerned? Will the slower productivity growth, the slower employment growth and the more moderate advances in production and average real living standards that emerged in 1969, persist in 1970? How can we ameliorate the disturbed capital and credit market conditions and avoid threatened imbalance in investment, when initial indications are that we may have too few resources going to housing and perhaps too much to business investment in 1970? How can we deal with serious poverty and regional imbalance problems which slower growth is tending to exacerbate? What may be the implications for our economy of an international environment which in some respects may be much less favourable than during much of the 1960's as a basis for good performance here?

I think it is hardly surprising that these kinds of questions are being asked and that a lot of attention is being focused on these sorts of questions. I would think it would hardly be surprising if over the course of the next few weeks and months we had even more attention focused on some of these problems because it is by no means inconceivable that during the course of the coming year we may have some aspects of economic performance which may fall even further short of the high standards to which Canadians aspire in our modern system.

There is one brief comment on the current scene that I would make – namely, that I think it is surprising that so much of the current debate on the short term outlook is focused on the question whether the Canadian economy or the North American economy will have a recession in 1970. Whether business trends follow a pattern that can, with the aid of technical measurements, be determined to be a recession or not, is, I think, not so important. As Arthur Okun, the former chairman of the U.S. Council of Economic Advisors, said not long ago: "We still suffer from 'business cycleitis'" – or what he called, a "recession syndrome", in which people approach questions of performance of the economy with the rather simplistic view that expansion is good and recession is bad. In reality the situation is rather different especially now when in both the United States and Canada we are in a situation in which we can visualize a very high potential growth rate in our economy, in which we have a very rapidly expanding capacity over the medium-term future to grow. In these circumstances the key question really becomes not whether we are going to have a recession or not but how large a gap may emerge between the actual output in the system and the potential output in the system – how large that gap may become and how persistent it may be.

We found quite clearly at the beginning of the nineteen-sixties when a large and persistent gap opened between actual and potential output, that a number of significant imbalances emerged in our system which we could not cope with easily. They posed very difficult problems for us. The tremendous investment boom from 1963 to 1966, for example – spawned because of a lack of adequate investment in the late nineteen-fifties and early nineteen-sixties – posed some very serious problems and difficulties, including very harsh price and cost pressures and distortions in our system.

The crucial question on which we should keep our eyes focused in the coming year is this gap, the gap between actual and potential output. That gap has been tending to widen in 1969 and it threatens to widen somewhat further in 1970. It is this concept of potential output – and the question of how to assess the performance of the economy in relation to potential output – that has been, I think, one of the major contributions which the Economic Council has sought to make since it was established six years ago.

Let me touch very briefly on some of the highlights of the Council's new look at Canada's economic future in the 1970's, and then raise a few questions that I think we are going to find ourselves giving a lot of thought to in the coming decade.

The Council, in taking a new look to the mid-1970's in its last review, concluded that we are in a period in which the economy has a very high potential growth rate – very high by historical standards in Canada, and very high by international standards in today's world. We anticipated that on the average from 1967 to 1975 the economy could grow at about five and one-half per cent per year in real terms.

We discussed a number of factors that were involved in that rate and I might say it was prepared not on the basis of some far-reaching assumptions about how to maximize, at almost all costs, the growth capacities of the economy, but on the basis of some moderate and reasonable assumptions (largely based on postwar experience). One of the most important elements is that we are still in a period when our employment – our potential employment – growth can be very high. Over the whole period from 1965 to 1980 we will have, as estimated by the Council, an increase in population of less than 30%, but a much more rapid growth in our labour force and in employment – of the order of nearly 50%, as a great surge of young people from the earlier high birth rates in the postwar period, move into the labour force age groups.

We also took a look at the possible patterns of demand over this period to 1975 and concluded that here, too, most categories of demand – of consumption, of business investment, of government expenditures, of housing, of exports and imports – could advance at very high rates. Obviously what happens internationally will have a crucial bearing on our capacity to achieve growth rates of these magnitudes. But we will also require a high order of good economic decision-making and economic management in both the private and government sectors of our economy – especially if we are to achieve high growth potentials along with reasonable price stability, balance of payments viability and a wide sharing of the fruits of economic progress among all Canadians.

The further development of the Canadian economy will, moreover, be taking place in a period in which very dynamic changes will be occurring in our system. Let me refer only very briefly to one set of these having to do with our population – population changes that will inevitably have very far-reaching effects on the structure of our system. In the nineteen-fifties, we had a growth of one million four hundred thousand children in Canada of five to fourteen years of age; in the nineteen-sixties we had less than half that amount – six hundred and fifty thousand. In the nineteen-seventies we expect, for the five-to-fourteen age group, a decline of seventy thousand in number. At the same time, consider the contrast with the twenty-to-twenty-nine age group. In the nineteen-fifties there was a relatively slow growth in this group – of one hundred and seventy-five thousand for the whole decade. In the nineteen-sixties this was rapidly stepped up to eight hundred and thirty thousand, and for the nineteen-seventies a further increase to one and a quarter million. Then, look at the forty-to-forty-four age group – the crucial group of mature, experienced workers and often the group from which supervisory and managerial talent is drawn in a significant way – a fifty per cent increase in the nineteen-fifties and nineteen-sixties, but no change at all in the nineteen-seventies. The elderly group, of sixty-five and over, increased by about three hundred thousand in the nineteen-fifties and again in the nineteen-sixties; but there will be one and a half times this increase in the nineteen-seventies – four hundred and fifty thousand.

Also, consider the dramatic changes that are occurring in education – changes which would well have a profound influence in the future course of development of Canada. In 1950 we still had less than half of our fourteen-to-seventeen year old children in school in this country; by 1960 we had moved up very rapidly to sixty-seven per cent; for this year, for 1970, it is estimated that we will have ninety-two per cent. We have, in other words, achieved virtually universal education for our younger teen-agers. In the case of the enrolment ratios for the eighteen-to-twenty-four enrolment group, we had only six per cent in 1950 (not much more than one in twenty); but one in ten by 1960 and one in five by 1970. The Council has estimated that one in three of eighteen to twenty-four age group will be enrolled in post-secondary institutions by 1980.

Let me turn, finally, to some of the basic issues to which I think we will need to give much greater attention in the nineteen-seventies. First, with recurring shortfalls from high standards of economic performance – especially, in the price and cost field – we are going to require in the nineteen-seventies much greater attention to what I would call "reconciliation policies" – policies for achieving consistently good standards of performance in relation to growth and employment together with prices, balance of payments, and a more equitable distribution of rising incomes in Canada. Further enlargement of our knowledge about appropriate "reconciliation policies" is urgently required, even though we have learned many new things in the last ten or twenty years.

In particular, I think we will need to be examining new possibilities for increasing the effectiveness of a whole range of policies that may help to promote productivity improvement – to facilitate flexible adjustments to change, to stimulate greater competition, and to strengthen innovative processes. The nineteen-seventies, I believe, will be a period of rapid advance in technological application.

Second, I think the future pattern of growth will continue to involve a rise in the relative importance of service industries. We need to have much better understanding and knowledge about this area of our system, an area in which three out of every five Canadians now work. We have had in the past, and continue to have now, a very heavy orientation towards the goods industries – in research and analysis, in policy matters, in the institutional structures in our economy. Very little research has been done on the Canadian service industries and available information about some of these is very skimpy indeed. In the area of policy, relatively much more attention has been focused on the problems and needs in such fields as agriculture, minerals, forestry, fishing, manufacturing, housing, and business investment than on the problems and needs of the service industries. Tariff policies, combines policies, many other policies have been concerned almost wholly with our goods-producing industries. This emphasis on the goods industries is also reflected in the structures of government departments, of labour union organizations, of business associations as well as in public discussion and dialogue about economic matters. In this enormous country, with its historical attachments to land and resources, and with its intensive striving towards industrialization, I think that few Canadians have yet fully comprehended the simple fact that an overwhelming part of the frontier of recent and future growth is in the service activities. In the nineteen-seventies I think we will become rapidly more conscious of that fact.

Similarly we have not yet adjusted our thinking, again because of geographic and historic considerations, to the fact that Canada has become a highly urbanized society and that we will rapidly become more so. Our rural population is declining. In the nineteen-seventies almost all of our population growth will take place in our larger cities. In many senses therefore the cities have become the frontiers of growth and change, and this is producing a rapidly widening range of problems with which we don't really know how to cope yet. Here is another field which I think will occupy greater increased attention in the seventies.

In another direction we have been moving, I think especially in the latter part of the nineteen-sixties, to a growing concern about social problems and inequities – problems of poverty and alienation, of adequate health care, and the preservation of law and order. Here, too, we are essentially at a stage of concern about problems rather than at a stage of moving confidently and knowledgeably towards solutions. I think it is unquestionable that the nineteen-seventies will be a decade in which these issues will become much sharper and will occupy the attention, not merely of governments, but also of business concerns and private organizations – and to a much larger extent, perhaps, of the universities.

Finally, the nineteen-seventies will, I suggest, be a decade of increasing sharp questions about the ultimate performance and objectives of our economic system, with its greatly enlarged capacity for producing goods and services. "Growth for what?" is likely to be a question that more and more Canadians will be asking. The fact that this question is already arising in a number of different directions is I think an indication that that shift in thinking is already taking place.

In its last Annual Review, the Council took up this issue by focusing attention on what it called "Achievement Goals" – goals relating to the way in which we use our resources to satisfy human wants and aspirations. They cover a numerous range of activities, interests and concerns of our society. In this discussion of goals in the Sixth Review, the Council said: "The Council has no illusions about the difficulty of compiling achievement goals and ordering the priorities among them, but the priorities will be established in any event. The real question is whether they will be established in a comprehensive, systematic and forward-looking manner or in a wasteful *ad hoc* and frequently short-sighted manner. Setting the goals and priorities will require hard choices among competing demands. In a democratic system such as Canada's, it is not the role of the professional expert or advisor to make decisions about the allocation of resources or about the priorities among competing demands for available resources. Such decisions are properly made by government, business firms, labour unions, consumers and other decision makers operating within the broad framework of our political, economic and social system and ultimately subject to the ratification or rejection by the Canadian public in their dual role as consumers and voters. Good decisions about these matters require good information and analysis prepared by experts. They also require an informed public dialogue and public understanding of the issues involved."

If the decade of the nineteen-seventies is to be one of great achievements in Canada I think one of its main hallmarks should be the emergence of a clearer and more knowledgeable consensus in our society about the needs and the wants and aspirations of Canadians to which we should be harnessing our energies and our capacities and our growing resources.

Dr. Smith was thanked on behalf of The Empire Club by Mr. P. W. Hunter.

JANUARY 15, 1970

Bilingualism: A Prescription for National Unity

AN ADDRESS BY The Honourable Jean-Luc Pepin, P.C., M.P.,
MINISTER OF INDUSTRY, TRADE AND COMMERCE

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

One could imagine a conversation between two young history students in the year 2000, each of them proficient in six or seven languages. Robert says to Pierre: "It would appear that a great debate raged in Canada in the 1960's over bilingualism and that there were those who saw hidden threats, needless expense, and impractical consequences in the whole procedure." "But," replied Pierre, "they could not see how easy it would be to learn painlessly by cerebral injections, nor could they know that Martians spoke French and how important it would be for trade and commerce between the planets."

It is true that not all Canadians are convinced that bilingualism is a necessary prescription for the Canadian body politic, at least until drug prices come down. However, the policies of provincial governments as well as the federal government and the expressed attitudes of individuals and corporations indicate an increasing acceptance. One of the major reasons for this change is the controlled persuasiveness and perseverance of our guest speaker. It was in 1965 that three wise men came out of the East to Ottawa – Trudeau, Marchand and Pelletier – and told of wondrous things that awaited French-Canadians in the capital. But, for several years before, Jean-Luc Pepin had been speaking to fellow members of Parliament and travelling thousands of miles across this continent, to explain the peculiar position of Quebec, the aspirations of French-Canadians, and the price of national unity.

Now it would appear, Sir, that you have begun to direct your energies into another bi-way. Last Saturday in Toronto, the three daily newspapers carried a picture of a smiling Minister of Industry, Trade and Commerce, between two charming young women – Canada's first female trade commissioners since 1884. I am not certain how far along the road your Department has gone to bilingualism, but obviously bisexualism has arrived.

Born in Drummondville, Quebec, Jean-Luc Pepin came to Ottawa before he came to Parliament, for he studied art, philosophy and law at the University of Ottawa. This was followed by further studies at Institut des Etudes Politiques de Paris, prior to joining the Faculty of Social Science of the University of Ottawa in 1951. Believing, apparently, that the message can be disseminated by various media, he joined the National Film Board in Europe from 1956 to 1958, returning to the University of Ottawa to become Director of the Department of Political Science in 1959. His flirtation with the media continued through appearances on English and French radio and television and writing for newspapers and magazines, including the Ottawa Editorship of "Le Magazine Maclean".

First elected to Parliament in April 1963 for Drummond-Arthabaska, he quickly amassed a variety of governmental experience: Parliamentary Secretary to the Minister of Trade and Commerce, Minister Without Portfolio, and Minister of Energy, Mines and Resources. Following the general election of June 1968, he became Minister of

Trade and Commerce, and Minister of Industry, carrying out a major reorganization in the form of the merger of the two departments.

Monsieur le ministre, je suis extrêment heureux d'avoir l'occasion de vous accueillir au Club de l'Empire. Vous personnifiez la vigeur et le dynamisme qui illustrent tellement la personalité de quelqu'un qui sait si bien mettre en pratique le principe du bilinguisme. Vous symbolisez, tant dans votre carrière que dans vos convictions, l'unité nationale qui représente pour nous au Canada un patrimoine précieux.

Mr. Minister, it is my great pleasure to welcome you to the Empire Club of Canada. You exemplify so well the health and vitality of one who has been taking and dispensing the bilingualism prescription for a long time. In your career and in your beliefs, you are a symbol of the national unity that is such a precious Canadian treasure.

Gentlemen, may I invite the Hon. Jean-Luc Pepin to describe the ingredients of "Bilingualism: Prescription for National Unity."

MR. PEPIN:

You might say to yourselves: "What, good Lord, another speech on bilingualism? Why?" There are at least three good reasons.

In the first place, you suggested that I should talk on a subject of concern to French Canada and that is one, a positive and challenging one. There are also, secondly, many misconceptions about bilingualism still existing which should be rectified. Thirdly, the subject is constantly evolving, as it did recently, for example, with the publication of Book III of the B and B Commission, which I had time to read during the Christmas recess, and we must keep our information up to date on that important subject.

Some people might say, "Why is he not talking about trade and commerce, about wheat, automobiles, or inflation?" Well, there have been many occasions for that in the recent past – I will send any one of you free copies of all my previous speeches if he insists! Another reason is that a Minister, like a businessman, should not limit his interests to his immediate professional concern.

So here goes – "Bilingualism".

It is a very complex subject!

We have to clarify first – and I am being very scholarly today with reference books on the table – we need to clarify a few concepts pertaining to bilingualism.

First, bilingualism is a political idea. We are talking politics when we talk bilingualism. Bilingualism is an essential part of the political nature and definition of Canada. The "two founding groups" have created here a state – a nation too, but that is sociological – a state in which they are expected to live "in partnership" with "equal opportunity". (You are all familiar with these words by now, I hope.)

Sociologically Canada is multi-ethnic, multi-cultural, multi-lingual, multi-everything you want; but politically and constitutionally it is bilingual and bilingual in French and English only. You may very well tell me that it is more useful to speak Italian than French in Toronto and you may very well tell me that it is more useful in Vancouver to speak Chinese than French. I might even agree but this will not change anything. You will not learn Chinese if you are in Vancouver and you will not learn Italian if you are in Toronto because you know damn well the Italians here are going to learn English as are the Chinese in Vancouver.

Immigrants, while fortunately retaining many cultural traits from their homelands, are expected to integrate, and do integrate sooner or later, into one of the two linguistic streams, or into both occasionally. Bilingualism can, of course, be supported on cultural grounds but again, I repeat, in Canada it is also a political "position", in my view most defendable too.

Second preliminary remark. There is a distinction very well made by the B & B Commission Reports between "institutional" and "individual" bilingualism. Individual bilingualism is the competence acquired by some people in English and French. It is another of those relative concepts. You may be completely, reasonably, slightly, "lousily" (as M. Trudeau would say) bilingual. You may have a "working knowledge" of the other language. I'll come back to that.

There is and can be no constitutional obligation upon individuals to become bilingual – though not being bilingual may in fact exclude people from certain jobs just as not being an engineer might exclude them from certain jobs.

Here we touch on another aspect of bilingualism, which is "institutional" bilingualism. Institutional bilingualism is a characteristic acquired by an organization, by an association, by a country. Let us use the words of the Commission:

> "A bilingual country is not one where all the inhabitants necessarily have to speak two languages; rather it is a country where the principal public and private institutions must provide services in two languages to citizens, the vast majority of whom may very well be unilingual. . . ."

Now – I am sorry, I told you this was complicated – institutional bilingualism has itself two facets. This is very strongly brought out, and rightly so, by Book III of the B & B Commission.

First, the institutional language of service. An institution is then bilingual if it is able to deal with its clientele in either official language.

But you may also look for language of work, which is the language spoken by employees inside the institution in their day-to-day activities. You may have an institution that will be bilingual in the sense that it provides *services* outside in both languages but will not be bilingual in the sense that it does not provide the occasion for people to work in either French or in English within itself. So a language of service may very well not be much of a language of work. That distinction is essential. One of the very strong points the B & B Commission makes is that the Federal Government has developed remarkably along the line of bilingualism of service, but has not done enough yet by far, in providing for French-speaking Canadians (or bilingual English-speaking Canadians) the occasion to employ their French language as a language of work.

I must burden you with one more distinction. That is the concept of "receptive" bilingualism.

Receptive bilingualism – I believe a word coined by the B & B Commission – is a specific degree of excellence in the knowledge of the "other language". It does not mean you are sympathetic to bilingualism; it means you have a receptive capacity in the "other language". It is defined by the Commission as the kind of knowledge that "would enable a person to review documents and understand all presentations prepared in the other language". Your president, Ian Macdonald, is rather beyond that – he has just demonstrated it.

In the "old days", three or four years ago, it used to be called the "working knowledge of the other language". The chap who has a working knowledge can read a text, can understand a conversation but at times he has to tell his French-speaking colleagues "Slow down, guys. I need a bit of rest."

Is bilingualism acceptable as a political concept? That is easy to answer. I say Canada cannot exist without it, without some form of implementation of this concept.

Should Federal Government bilingualism be institutional or individual? I say basically the first, basically institutional, but there must be some appropriate blend of the other.

Are we talking about language of service or language of work? I say in much of the Federal Government and in business established in Francophone areas it would have to be both. It should be most of the first – that is of service – and a good amount of the second.

How complicated! I resent people who have easy solutions, black or white ideas on these difficult matters. So let's try and refine things a bit further.

My next paragraph is entitled "Why Bilingualism and do we have it?" I have already indicated sufficiently the political reasons for having bilingualism. The French-speaking Canadians, those from Quebec particularly, cannot and should not accept the "traditional" unilingualism in Canada any more than the English-speaking Quebeckers can and should accept the "new" unilingualism demanded by some in their province. (It works both ways.) It's all a matter of dignity, of economic, social and cultural "opportunity". We must have bilingualism, the spirit and the reality of it, in order to realize "equal partnership", "equal opportunity", solid national unity. And what an example could we give to the more and more numerous multi-lingual old and new countries of the world that face the same problem! What a challenge! I always say that Canada's most important contribution in external affairs could be made in the way we run our domestic affairs! We have people here in Canada who are willing to work for unity in Cyprus and in Biafra, but not too keen to fight for it in Canada. Preaching on Biafra is easier than doing in Canada! It is easier to die for the woman you love than to live with her!

I don't think it is necessary to demonstrate to this distinguished audience the cultural advantages of knowing French and of knowing English, the two dominant languages of the Western industrialized world and each part of an immensely rich civilization.

Voltaire puts it beautifully. (He speaks French!)

> "Les Anglais ont beaucoup profité des ouvrages de notre langue; nous devrions à notre tour emprunter d'eux, après leur avoir tant prêté; nous ne sommes venus, les Anglais et nous, qu'après les Italiens, qui en tout ont été nos maîtres, et que nous avons surpassés en quelque

> chose. Je ne sais à laquelle des trois nations il faudra donner la préférence; mais heureux celui qui sait sentir leurs différents mérites!"

"The English have learned so much from us, we have given them so much, we could now borrow a little bit from them. . . ." The conclusion is: "Blessed is the one who can sense the different merits of these cultures."

The next part of the question is: have we Canadians realized those political and cultural ideals, have we lived by the spirit of bilingualism which should be one of our main articles of political philosophy? My answer is very simple: we have, up to very recent times, failed to do so . . . miserably! Is there a word stronger than that in English? This is demonstrated in almost every chapter of Canadian history. When you read them I hope that you will be discontented, that you will be embarrassed by the spectacle that we have given to ourselves and to the world.

I read during the Christmas holidays Schull's biography of Sir Wilfrid Laurier, "The First Canadian". Poor man! Laurier was not very demanding, he only asked that French could be made "here as elsewhere the language of good company and polite society." He came here to Toronto and he told the students, "If I were your age I would not leave school until I could speak and write in French."

After Regulation 17, or at about that time, he said, "I believe that in a civilized country the teaching of a second language, and such a language as French . . . should not be prohibited." He was not an "unorthodox" person and yet how was he treated? Schull says: "Ontario, the Ontario he had fought for all his life, faced him again and with blank eye and hackles erect, flexing its British muscles. He was still the rejected foreigner." He was "too French" here! (And too English in Quebec!)

Look in Book III of the B & B Commission Report. Lapointe writes C. D. Howe and asks, "Would it not be normal to appoint a French Canadian as purchasing agent in the City of Quebec?" C. D. Howe said, "No, that would be a violation of the principle of efficiency. . . ."

I am not saying that in a resentful fashion, not at all. I am way beyond that. I am just saying that collectively we have been at it, at building a bilingual Canada, for a very short period of time. We have been working at it – at the philosophy and the reality of it, for three or four years only. Before then nothing or almost nothing positive. It is shameful.

Read Ramsay Cook's recent book on Nationalism in French Canada. As a French Canadian, I am embarrassed by many things my people said. But I think the English Canadian history of bilingualism should give you even more cause for embarrassment.

An English-speaking Canadian gentleman has put it all very well. I'll quote him if you will bear with me. (I would not want to stop the economic life of Toronto.) I think it is useful to listen to what Hamilton Southam, now the director of the National Arts Centre, wrote a few years ago.

He is telling about his education . . . he says:

> "My parents and I accepted as normal that I should complete my schooling without having learned to converse in French. During all those years, though I knew that my vocation was towards the humanities and history and literature in particular, I was taught French as I was taught Latin, by worthy Englishmen who thought of it as a dead language.
>
> Second, my parents and I accepted as normal that I should read the history of French Canada at school in text books written by English-speaking Canadians. Although I was preparing to study history at Toronto nothing led me to suspect that the history of our country is in fact written in two languages which on certain crucial points offer two rather different versions of what has happened.

> Third, my parents and I accepted as normal that I should regard French literature as pertaining to France and not to Canada. At school I was given a fair taste of Canadian prose and poetry written in English. I received not a hint that Canadian writers and poets have been wrestling with the same themes in French.
>
> Fourth, I was able to spend five years here in Toronto taking the honours course in Modern History without any of those unconscious attitudes being modified in any way. I cannot remember any of my professors at this greatest of Canadian universities drawing my attention to the French Canadian contribution to Canadian history or literature. (. . .)
>
> Fifth, when nevertheless I decided that during my undergraduate years I must learn to speak French I considered it natural to go to France to do so. The idea that I could learn French in Quebec never occurred to me and I don't remember anyone here pointing this out to me."

And Southam concludes:

> "I suggest that we English-speaking Canadians have never shown even the awareness, let alone the respect we owe to the personality of our French-speaking compatriots. We have ignored it, so blandly and totally, and for so long that they have every right to ask today, it seems to me: 'Who was it that separated from whom in the very first place?' "

I couldn't say it better myself! I have a book in my files: "Confessions of English Canadians". (I hope somebody has a book in his file: "Confessions of French Canadians".)

Because of all that . . . and much more, I am appalled when people around me refer to separatism as something that is "coming". We have had *de facto* cultural, linguistic separatism, and a lot of political separatism too in this country from the "beginning"– whether you pick as a beginning 1763 or 1867. Let's stop talking about "coming" separatism. I have said that the only thing that the French-speaking Canadians and English-speaking Canadians used to share culturally was that they were suffering from the same cold in the winter and bitten by the same mosquitoes in the summer! That was the amount of cultural going-on between English Canada and French Canada twenty years ago. . . . I exaggerate but only a little!

English Canadians up to recent times have had a complex, two complexes – superiority and inferiority – about learning French. Ten years ago, I met more people speaking French in England than I did in Canada!

Again this is a complex, it is psychological. Mr. Stanfield in the House a few months ago was talking about the difficulty of learning French. How come? All around the world now people are speaking two, three or four languages. . . . To sell newspapers on the streetcorners in Kuala Lumpur you have got to be able to speak four, otherwise you're not in business. And we still make a problem in Canada of knowing two languages, two languages which are so similar that it has been said that English is French badly spoken . . . or French is English badly spoken!

But fortunately, things are changing in Canada. We are getting out of our mess. Ours are the pains of the birth of a nation and not of its death. And it takes more than five years to build a country.

There are many other things I would like to say. I can only read the headlines of much of my notes. I go on, in my notes, talking about what is happening at the federal level, the progress which is made in Canada as a whole. I talk, of course, mainly about the Official Languages Act and I explain what it is all about, emphasizing also what it is not all about.

The Act does not force English-speaking persons to learn French or vice versa. On the contrary, it ensures the right of the English-speaking persons to speak English and of French-speaking persons to speak French to their Federal

Government. In a way the Act encourages unilingualism!

I learned recently of a Toronto businessman who when asked about the Act stated he approved it in general but was very concerned that it might be carried too far. "What," he said, "if I have to make all my submissions to the Federal Government in both English and French?"

This businessman, of course, has turned government policy on its head. The Official Languages Bill preserves his right to deal exclusively in English with the Federal Government but it gives his confrère in Drummondville the right to deal with the Federal Government exclusively in French. Again the obligations of bilingualism are imposed on government institutions, not on individuals.

And the Act of course does not intend either to push French-speaking Canadians "toward assimilation". On the contrary, it ensures that French-speaking minorities through the country will be able to obtain service in French from their federal government . . . without having to move back to Quebec!

And the Act won't stamp out other languages and cultures in Canada. Section 38 specifically provides that nothing in the Act may affect the rights and privileges of other languages.

I must say a little more about what is going on in the federal public service with respect to bilingualism. This is terribly important because bilingualism in the public service is bound to have a snowballing effect. If it is to become fashionable, desirable, necessary at times to be bilingual to succeed in Federal Government services, then maybe Canadian universities will start teaching French better. If universities move, secondary schools will too, sooner or later; if secondary schools move, then primary schools might.

In my notes I demonstrate, I think, that it is only quite recently, really since the declaration of policy for the federal public service by Mr. Pearson in 1966, that principles and practice have developed with respect to bilingualism in the civil service.

Then at quite some length I try to summarize what has been done in terms of establishing language requirements in the public service. Every departmental unit operating in an area where between 40 and 60% of the population served has English or French as their mother tongue, must be staffed by employees with a sufficient knowledge of both languages to allow the people of the area to be served adequately.

By 1971 in the executive category 40% of the employees are expected to be bilingual; by 1975 60%. I don't want to belabour these things. I just want to tell you that in the civil service, objectives and methods have been established, the recruitment programme has been geared up, language training facilities have been expanded.

Just on that last subject: in 1964, the first public service language school was established with 42 students and four teachers. By 1971, a plateau of about 10,000 students will be reached, served by a staff of 500 academic personnel.

That was just to give you an idea of recent changes in the federal public service. Now the $64,000 question: are we on the right track? The B & B Commission in its Third Book, after describing the most unhappy situation of French-speaking employees in the federal civil service, after acknowledging that progress is being made in developing the use of French, after recognizing that its research was not able to take full account of the effects of post-1966 changes, and of changes in the education system in Quebec – changes that will have a direct bearing on recruitment in the civil service – nevertheless condemns the present orientation. I quote:

> "There has been no attempt to implement a policy on language of work, and nearly all the linguistic traditions and characteristics of the Public Service have put pressure on the Francophone employees to become assimilated into an Anglophone environment."

Their analysis is good. We are still far, far from the ideal of bilingualism in the civil service. Look at my own situation; for example, 85-90% of my work in the department is done in English. I happen to have been educated at the University of Ottawa, to have been close to English Canada, to have lived in England, so I get along in English. But is it fair to ask the same from the chap who has not had the same advantages, who hails from St. Grégoire or Nicolet? He hasn't got a chance to become Minister of Industry, Trade and Commerce! The consequence of the system is that even I cannot easily talk copper, or nickel, or auto-pact, or even GATT in my own language, because all the briefings I have had on these subjects have been in English.

So in my case and in very many other cases, in a majority of cases, French is not really a language of work *yet* in the Ottawa offices of the Federal Government. The Commission, notwithstanding the progress being made, thinks that such a situation will not come about and that we should create unilingual French and English units, both at regional offices and at headquarters, to correspond to (although not to duplicate we are told) existing units in their function. It also recommends that some existing units be reorganized with French language sections or "clusters" so that in these clusters, French could become a fully accepted and generally practised language of work. In other words, "pools" of French-speaking personnel would become located here and there throughout the Public Service.

You have read that in the press. It has been reported rather strangely at times. Some people have not really bothered too much about reading what the Commission has said and if you read what the Commission said you will realize it is far from being crazy as some of the English papers have made it out to be.

What do I think about the concept? We will all need more time to assess the recommendations properly, to study them properly in the House and in the Cabinet; but my first reaction is to say that, while recognizing the need for the Public Service Commission to focus urgently on "language of work", in my way of thinking the conclusions are premature. The Commission doesn't give a fair chance to present policies to take effect or for present policies to be improved upon.

Secondly, the French unit and the English unit system (because there will be English units too) would be second-best. It is a solution of second or last resort and one that should be adopted only if the present policy fails to make equality of opportunity a reality. I hope and believe this will not materialize. Even at that, unilingual units should be the exception and not the general practice as suggested by the B & B.

These are preliminary views. Again, I think the conclusions of the Commission are premature and I think the solution suggested is second-best, but I say that without drama because people should be aware, as the Commission itself observed, that such unilingual units already exist in Ottawa at headquarters and in Quebec. For example, already CBC works in both French and English separately, as does the National Film Board. There is a good list of examples in the B & B Report of such units, in both languages. So let's not be overly dramatic, let's not go to war too fast on these subjects.

The Commission has done a serious analysis and it is appalling to hear somebody, as did Mr. Hees yesterday in the House, regret that seven million dollars were spent on the Commission, when we know very well that this is the price at which the Bonaventure is being offered now for scrap! It seems to me that the B & B Commission is quite as important as a squadron of planes or the winter-works programme!

I would have liked to talk also, but I haven't got time, about what is being done in the provinces for bilingualism. I would have liked to talk about bilingualism in business also.

In business, as in government, language of service and language of work considerations must both be taken into account. Language of service poses less of a problem for business, because good business sense and self interest make it clear that, at least for consumer-oriented firms, bilingualism is necessary. Language of work considerations on the other hand, are more subtle. They apply mainly to firms with large holdings in Quebec or other French-speaking areas of Canada. I said a long time ago that it is quite normal that French should be the principal working language for firms established in Quebec and other French-speaking areas but I have always said up to a certain level, up to the highest possible level too.

My position is quite similar to that taken by Professor Scott in his dissenting view in the B & B Commission Report (Volume 3B) on that particular item. It is normal that French should become generally speaking the principal working language in Quebec in business. It is normal that in the plants and in the mines, the language of the local population should be predominant. There is nothing revolutionary about that. Go and see the oil wells in Venezuela and you will realize that the American engineers there speak Spanish. What is good enough for Venezuela is good enough for Quebec!

Any company which does not recognize that doesn't play the game fairly. Some do and many don't and, of course, things are improving here also and I agree with Bill 63 on that subject.

On the other hand the English language is the principal language of business and science and politics in the world. A company or an individual cannot operate in the context of the North American market or the even larger international market without being able to operate in English. It is a fact of life and neither legislation nor prayers nor riots will change that. As a matter of fact it will aggravate it. . . . I am not talking about prayers, I am talking about riots!

Consequently, any company or individual in Francophone Canada who does not possess a facility in English is handicapped; more or less of course depending on his ambitions, and the scope of his activity. If he intends to stay in some parts of my riding, he may not be handicapped at all.

Thus while I would agree with the Royal Commission that it is desirable that French become as widespread as possible in Quebec, I think that idealism should be tempered with pragmatism. The B & B Commission has recommended that: "In the private sector in Quebec, government and industry adopt the objective that French become the principal language of work at all levels," I repeat – "at all levels". I doubt very much if this is possible. It would certainly provide lots of work for translators! Once an employer's activities spread beyond, as I said, the French-speaking community into the world of business using English – and that may at times include France, and probably French-from-France companies working in Canada – the employee at a senior level would inevitably find himself obliged to know and use English.

I don't think we should be defeatist about it. I think francophones should fight back. . . . I always say, "Francophones of the world unite" and the invitation is extended to all intelligent Anglophones – for political, economic or cultural reasons!

So if we are really serious about the philosophy of bilingualism, about the "equal partnership", the private sector will become as involved as governments are. It is up to you too then. It is our business, it is your business. I hope I have done something to make you feel that way. This is not a subject on which one can say, "Well, leave that to Trudeau or Marchand or Pepin."

There have been many examples of people – some of those present here are among them – who have made a contribution to the subject. The government cannot do everything; the private sector has a crucial role to play.

Every legitimate means must be used to bring about the objective. I once tried to devise some slogans to promote bilingualism, modifying existing ones. Some of them might intrigue you:

"Does she or doesn't she – (speak French)?" "The man of distinction is . . . bilingual." "Bilingualism for those who think young." But I have recently found a still better one: "Bilingualism – it takes away the fear of being close."

It has been my pleasure, gentlemen, to be close to you today. I have enjoyed it. I hope you didn't mind it too much!

Mr. Pepin was thanked on behalf of The Empire Club by Mr. E. B. Jolliffe.

JANUARY 22, 1970

Lessons from International Monetary Experience in 1969

AN ADDRESS BY Dr. Wilfried Guth,
GENERAL MANAGER,
DEUTSCHE BANK AG, FRANKFURT

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

At the time of the formation of the European Common Market, I recall a *New Yorker* cartoon of a prosperous lady and gentleman being served "brunch" on the balcony of a Riviera villa. The lady turned to her husband and proclaimed in a mixed tone of bewilderment and disdain: "But, George, I cannot understand what business you would have in a *common* market."

Today, we welcome to the Empire Club of Canada a man who has not only created business in the Common Market, but a man who has also played a part in financing business around the world as well as studying the means of bringing business to the developing nations.

The Deutsche Bank A.G. of Frankfurt, West Germany is one of the world's great banks and Dr. Wilfried Guth is one of the world's great bankers. Undoubtedly, his breadth of interest and influence is a product of his formidable education, a process which took him to the Universities of

Bonn, Heidelberg, and Geneva as well as the London School of Economics. Surely a combination of the thorough discipline of Bonn and Heidelberg, the world outlook of Geneva and the radical tinge of London has made him a "man for all reasons".

Dr. Guth's formal banking career was launched in the research department of the central bank of West Germany – the Deutsche Bundesbank – in 1953. In 1959, he began a three-year session in Washington as the Executive Director for the Federal Republic of Germany at the International Monetary Fund. During this period, his interest in and experience of international finance deepened and broadened, securing for him an enviable reputation. In 1962, he returned to Germany as a Member of the Board of Managers of the Reconstruction Loan Corporation, where he remained until 1968 when he accepted a position as a member of the Board of Managers of the Deutsche Bank A.G.

In addition to responsibilities in investment banking, which take him to all corners of the globe, he is chairman and member of the supervisory board of several other companies and non-profit organizations. Yet, he has remained a scholar and his numerous publications include an important study, published in 1957, called "Capital Exports to Less Developed Countries".

On August 19, 1968, The Right Honourable L. B. Pearson accepted an invitation from Robert S. McNamara, President of the World Bank, to form a Commission to study international co-operation for economic development. Mr. Pearson invited seven outstanding world authorities to join him on the Commission in a private capacity: The Right Honourable Sir Edward Boyle, the British parliamentarian-economist, The Hon. Roberto de Oliveira Campos of Brazil, The Hon. C. Douglas Dillon, former Secretary of the United States Treasury, Professor W. Arthur Lewis of Jamaica, Dr. Robert E. Marjolin, a former Vice-President of the European Economic Community, Dr. Saburo Okita of the Japanese Economic Advisory Bureau and, not surprisingly, Dr. Wilfried Guth of the Federal Republic of Germany. The Report, "Partners in Development" was concluded and presented a few months ago.

During that same period, the international community was gripped by excitement of another kind – major currency speculation and the prospect of reform, centring on economic uncertainty in France. Cecil Rhodes had different circumstances in mind when he wrote, in 1901, that: "A good understanding between England, Germany and the United States of America will secure the peace of the World," whereupon he proceeded to set up scholarships in those nations. Yet, the same observation was just as appropriate in the international monetary world of 1969, when we experienced one of the major currency reforms of the post-war era.

The first invitation which I had the honour to extend on behalf of this Club was to Dr. Guth, in his Frankfurt office last May. Because you have taken the trouble to pay a special visit to the Empire Club, Sir, we are particularly grateful that you are our guest today, and what trouble, including nearly eighteen hours of travel via London, Halifax and Montreal before arriving here at midnight! Because you were a part of that recent monetary history, we look forward to your insight to "Lessons from International Monetary Experience in 1969" as seen by a banker, a scholar and a citizen of the world.

MR. GUTH:

Monetary experience has been quite exciting, at times even turbulent over the last twelve or eighteen months. We have experienced some extraordinary waves of speculation, two major parity changes – or rather three if we look back somewhat longer and include sterling – partly as a result of that speculation, the introduction of a new reserve element into the Bretton Woods system, an astonishing fall of the gold price to its official level of $35, a new deterioration of the American and, at last, an improvement of the British balance of payments. The year has ended with new unexpected heights of interest rates and a severe liquidity shortage almost everywhere. These are not easy times for bankers or industrialists and still business was generally good in 1969, world trade has been growing rapidly and international capital movements were again on a very high level.

I deliberately stress these latter facts as an introduction to my speech in order to show that our world monetary system cannot be and is not as bad as some of its critics want us to believe. One should add that the system has been well managed and although countries are far from having learnt how to avoid crises we must admit that the art of international crisis management has been highly developed. But even in this field there are some unresolved problems to which I want to draw your attention later on.

It would be inappropriate in my opinion, particularly in the first weeks of a new year, to elaborate in detail on past events which you are all more or less familiar with. What I propose is to comment on these events only to the extent that they provide lessons of a rather general nature for the future conduct of our international monetary affairs.

If I may begin with the parity changes and here particularly the revaluation of the D-Mark one lesson is so obvious that it seems almost unnecessary to state it here. Parity changes, particularly of the more important currencies, cannot be discussed publicly and at great length without endangering the regular flow of world payments. As a German, I am ashamed to have to admit that we have set anything but an example in this respect. By way of contrast our French friends have demonstrated how to carry out such an operation efficiently and as a perfect surprise to speculators.

The German experience of repeated waves of speculation into a currency likely to be revalued was not entirely new. The world has seen such movements also before the first German revaluation of 1961 and opposite movements out of sterling on several occasions. What has been new is the size of these speculative flows. To quote some figures, there have been three main waves of speculation in the D-Mark. The first in the autumn of 1968 brought the Bundesbank an inflow of almost 2½ billion dollars, the second in April/May 1969 washed more than 4 billion dollars into Germany and the last in September 1969 caused another inflow of 1½ billion dollars before the German foreign exchange markets were temporarily closed to prepare for the new steps to be taken.

Of course, not all, not even the greater part of these huge movements of funds were transactions of private speculators in the true sense of the word. The bulk of it arose out of changes in the terms of payments of companies, the so-called leads and lags induced by the expectation of a parity change. But whatever their underlying cause, these massive short-term capital inflows created an artificial liquidity situation in Germany – you might call it a "fool's paradise"– and thereby severely jeopardized the possibilities of the Central Bank to act against the mounting pressures of a more and more overheated economy. This, indeed, was the main reason why our Central Bank was in favour of a revaluation all along.

As to the international repercussions of these speculative movements of funds I think it is fair to say that Germany did a lot to mitigate them. Not only did the Central Bank embark on substantial swap operations – now referred to under the term of "recycling", a policy to which I shall refer again later – but it also encouraged the leading issuing banks to intensify their efforts to place foreign DM bonds in the German capital market. Also on this subject, which should be of interest to you who have among others profited from this situation, I shall have something more to say later on. But in spite of these short-term and long-term capital exports, which led to an unprecedented volume of capital outflow in the German balance of payments in 1969, severe effects on the reserve and liquidity positions of some other

European countries could not be avoided. I would like to mention in passing that the reverse movement which we presently face in our German banking system, an outflow of speculative funds in the order of more than 5 billion dollars within the few weeks after revaluation, is equally embarrassing and even more painful for us. It has, *inter alia*, completely blocked for the time being our possibilities to place DM issues of foreign borrowers on our capital market.

We are all aware that the almost unmanageable potential of speculative waves in our days is due mainly to the existence of the Eurodollar market, the size of which is now estimated at some 35-40 billion dollars. It is not surprising therefore that for some observers this huge market of freely convertible funds, which is not subject to any control by Central Banks or government authorities, has become the villain in the play of international monetary affairs. Indeed, many other difficulties can easily be attributed to its existence: Central Banks find it much harder to control the volume and the price of credit today, when not only banks but also industry can borrow directly from this market. American banks have demonstrated this most conspicuously during the last year when they mobilized through their European branches some 8 billion dollars, increasing their total liabilities to their foreign branches to more than 15 billion dollars. And at present, for the first time due to the parallel moves against inflation in the important countries, the Eurodollar market has become extremely tight and interest rates of up to 13% are paid for short-term money. The risk can, of course, not be excluded that some short-term borrower who has – against the golden rule of banking – lent this Euromoney on long term can neither renew nor repay his credit and that such a weak spot could endanger the whole edifice of the Eurodollar market. And again, quite understandably at first sight, the critics point to the villain.

Personally, I do not share this view. While recognizing fully the problems just described – some of which might be eased by making this market more transparent – I believe that the Eurodollar market has also brought great advantages to world trade and payments. Some commentator has called it recently a "lubricant for world trade", a well coined phrase in my opinion. Without this free international money market the risk of severe recession might be much greater in our countries if for one reason or the other a real "credit crunch" occurs which completely upsets investment plans. It might also be said that in the absence of speculative tendencies the Eurodollar pool works as an enormous equilibrating basin making the need for reserve movements much smaller.

But whether liked or not liked, the Eurodollar market exists and will continue to exist in my opinion. One could even apply the old saying: if it did not exist, it ought to be invented. As a market it is neither devil nor angel, it is the operators on this market who bear the responsibility for not threatening but easing the work of our monetary system.

Certain conclusions must be drawn in my view from the fact that we shall have to live with the Eurodollar market. The most important one seems to me that co-operation between monetary authorities must be even closer than before. As I already said, there are two types of such co-operation: the "crisis preventing co-operation" and the "crisis management". The former is more important – and more difficult. It requires not only the adoption of more or less identical standards for the outer limits of tolerance for price increases but also a clear determination and power to act if monetary stability thus defined is endangered. International monetary co-operation also means that the repercussions of domestic policy measures on other countries must constantly be kept in mind and that, therefore, policies affecting others should be devised in consultation with these countries as it is foreseen in the International Monetary Fund or in our more recent European institutions.

It needs hardly be said that this type of co-operation or rather co-ordination, sometimes referred to as the adjustment problem, is far from being satisfactory in our present world and even our European efforts to achieve these aims between the six member countries of EEC have so far not yielded encouraging results – as has been demonstrated by the growing disparity between the French franc and the D-Mark. Thus, we cannot expect that our present monetary system, even with the undisputable strengthening it has been given by the introduction of the Special Drawing Rights – reflected among other things in the fall of the free gold price – will be free from speculation and currency crises in the future.

It is all the more reassuring that the second type of co-operation, as explained above, works very well. This co-operation consists mainly of the close daily contacts of the Central Banks and the utilization of a network of swap agreements as well as the private channels of the Eurodollar market; it is co-operation not by long meetings but by telephone. This co-operation for which the Bank for International Settlements in Basle plays a pivotal role has been developed and "tested" in the various crises of the pound sterling, and I have already mentioned its relative success – preventing a collapse of the whole system – in the German case. As long as this co-operation is not mistakenly considered as the whole task of international co-operation, it can be praised without hesitation.

Now there have been proposals to make this system of reshuffling speculative funds back into the country of origin, of recycling, as the more glamorous term goes, more or less automatic. You will remember, last year there was some talk of placing a binding obligation on Central Banks, perhaps those of the Group of Ten, immediately to redirect speculative inflows of money and capital regardless of the amount involved to the country or countries they came from. (This idea is sometimes referred to as the Carli Plan.) I do not believe that an automatic process of this kind would be practicable. In purely technical terms it would be difficult to determine in each individual case what should be regarded as a speculative inflow. But there are, in my view, more important reservations on policy grounds. Automatic recycling could seriously reduce the will to fight inflationary pressures in a given country when any threat of losing reserves is abolished. We have also seen in the German case that recycling can be self-defeating under certain circumstances. What developed in late spring of 1969 could be called a self-financing carousel. The German Central Bank induced the commercial banks through favourable swap rates to invest their liquidity in the Eurodollar market. But from there, given the speculative tendencies, the money immediately returned to Germany. With automatic recycling nothing would have been gained in such a situation. I, therefore, believe that it should be left to the Central Banks to judge in what direction and to what extent recycling appears appropriate in the given circumstances.

Another conclusion to be drawn from the existence of the Eurodollar market is that interest rates are now much more closely interdependent internationally than before. The market acts as a turn-table, furthering the transfer of movements in interest rates from one country to another. Yet, the impact of countries is, of course, not equal. The development of the past year has clearly shown what a dominant role the United States now plays in interest rate developments throughout the developed world. Before such an audience I scarcely need to go into details.

This does not mean that it would be justifiable to blame the United States for the internationally high rates. They are rather one of the results of world-wide efforts – very evident also in your country – to control inflation and of the accompanying phenomenon that in most countries the Central Banks have to bear the main burden of stabilization policy and are not sufficiently supported by fiscal policy. As the present high interest rates all over the world are thus nothing but a symptom of our difficulties to maintain or re-establish economic and monetary stability, I do not believe one would achieve much by demanding a concerted international effort, as once agreed upon in Chequers, to force down interest rates. It is only when efforts of stabilization have produced clearly recognizable and adequate results in all greater countries and mainly in the United States that it will make sense to talk about harmonization of downward movements of interest rates.

In many quarters the developments of the last few years and particularly in 1969 have been interpreted as proving that our exchange rate system is too rigid and that greater flexibility should be allowed. It is argued that the obvious impossibility of co-ordinating national policies (as I have suggested) and of agreeing on common standards of price stability and incomes policies leaves no other way open. For my taste, this conclusion is drawn too quickly. I believe that a better observance of the rules of the Bretton Woods system as it has been in force up to now would render superfluous a great deal of the alleged needs for drastic reforms. It must be emphasized that this system which is based on fixed exchange rates does not imply a concept that these should never be changed. On the contrary, changes of parity should be enacted without long hesitation when fundamental disequilibria in the balance of payments have become apparent. The difficulty is, of course, as we have seen in the German case, to reach agreement in a given moment on whether a fundamental disequilibrium is prevalent. But much would be gained already if changes in parities, and particularly devaluations, would not be considered any more as questions of national prestige. The Bretton Woods system could then be operated quite flexibly and there would not even be a great gulf to some of the crawling peg proposals. I have to admit, however, that this might not be fully realistic.

Meanwhile some adherents of the theory of flexible rates have maintained that the German experiment of temporarily floating rates can be taken as proof that such a system would work. Market forces would bring the rate smoothly to a new and "right" level while trade and payments would continue as usual. In my view such a conclusion is not permissible.

The rate for the D-Mark was flexible only in a very limited sense from September 28 to October 26; in fact, the Central Bank was constantly in the market during these weeks and influenced the rate by its interventions. Furthermore, everyone knew that the period of quasi-flexibility could only be an interlude and would soon be replaced by the fixing of a new parity. For all these reasons the recent German experience, while providing perhaps a valid model for changing from one parity to the other, says very little about the workability and suitability of a flexible exchange rate system.

In this country you have a much greater experience with exchange rate flexibility and it would therefore mean carrying coals to Newcastle should I try to lecture here on this subject. But I doubt whether even your experience allows us to draw conclusions for a system in which not just one or two but all major currencies with the likely exception of the US-dollar would be operated on a flexible basis. Thus, I think we will all await with interest the expert studies presently under way. I would not be surprised if a modest widening of the margins of fluctuations finds the greatest support by the governments.

Whatever advantages systems of more flexible or flexible rates might have I fear they have one great disadvantage: they are solutions of disintegration and of resignation with respect to the undeniable difficulties of achieving better international co-operation and co-ordination of economic and monetary policies. They are more or less elegant attempts to evade this obligation and regain the liberty to pursue policies geared mainly to national interests. I cannot bring myself to accept this philosophy of international economic relations and I am old-fashioned – or idealistic – enough to want to make further efforts to obtain better international adjustment of national economic policies.

There is one other field of truly international experience to which I want to switch now in concluding my remarks: the international capital market, twin brother, as we might call it, of the Eurodollar market. Despite grave monetary crises international bond issues have been almost as high in 1969 as in the record year 1968 – 4 billion dollars as against 4.7 billion dollars – the decline being only due to the diminishing attractiveness of convertible issues of American companies. I am tempted to repeat here my phrases when talking about the Eurodollar market: the international capital market exists and will continue to exist. If it did not exist, it ought to be invented. As you know, this market, mostly called Eurobond market – although it is by no means a European capital market – has not developed out of an integration and harmonization of national capital markets but rather the reverse: it has come into appearance as an imaginative counter-move of free investment bankers from both sides of the Atlantic against the regrettable protectionistic sheltering of national capital markets almost everywhere, be it for balance of payments or other reasons. It is spread over various market places, such as Zurich, Frankfurt, London, and it has no controlling or supervising authority. It is a truly free market.

I need not tell you here in Canada which advantages this market has brought to the world economy, what effects the partial closing of the New York capital market would have had on many countries without the existence of this "cushion". And I want to stress only with one sentence our satisfaction as Europeans to have been able for the last two years to export capital on a net basis to the United States in rather substantial amounts, thereby helping our great Atlantic partner in its balance of payments difficulties who has given support to Europe so generously for many years after the war.

What are the lessons we can learn from this market, what are the "secrets" of its success, what are its limitations and handicaps? Obviously, the recipe for its success has been freedom and flexibility. No government steered or supervised market could have reacted so quickly to dramatically changing circumstances. There have been constant shifts of emphasis from one currency to the other, from one type of issue to the other. In 1969 the D-Mark had temporarily to replace the dollar as the leading currency; in 1970 the dollar has again taken the lead as the DM-market has been severely struck by the effects of the revaluation. In 1968 dollar-denominated convertible bonds of American companies became a particularly attractive feature of the market; in 1969, with the unstable situation of Wall Street, there was a return to straight bonds and towards the end of the year dollar warrant issues of some big German companies became the front runner of the market. All this has been effected without any severe disturbance or even interruption of the issuing business.

There have, however, been some periods of overloading and ensuing "indigestion". Like a healthy living organism, the market has overcome these periods rather quickly and without adverse after-effects. But the lesson should be learned that this free market cannot flourish without a certain amount of self-discipline. In my view this self-discipline, or call it feeling of responsibility, must be exerted mainly by the issuing banks, but also by borrowers. Of course, competition between issuing houses is and must be a life element of this market but if I look at the excitement with which at the end of each year the lists of the top five, ten or twenty in the business are compiled and awaited I cannot avoid a feeling that too many elements of a horse race or football league mentality have come into the picture and that perhaps standards of selectivity have been lowered too much, necessary time intervals between issues shortened too much for the sake of big figures in the various lists and, of course, profits.

On the side of the borrowers, there have also been "sinners", but mostly they have got their "punishment" rather quickly. Two European countries rushed into this market after long periods of hesitation at the end of 1968 and the beginning of 1969 and tried to mobilize for some of their Governments entities too much in too short a time;

the result was in both cases a rather poor reception of the later issues and an unwillingness of the market to take more of the same kind. Other countries, such as for instance Japan, have proven that by a more regular and more moderate approach to the market greater amounts can be mobilized over time and a higher standing on the market be reached.

If I should say a word on Canadian borrowing in the international bond market, particularly in D-Mark, it must first be stated that the complete independence of the Proinces in their foreign issue transactions unavoidably complicates the self-discipline problem. If one Province borrows abroad why should the other, even if it has not the same market standing, not try to do so at the same time? Undoubtedly this implies the risk of overloading the market and there have been some comments in this direction. I certainly cannot judge whether there is a possibility of coordination between the Provinces. Given this situation one must say that by and large things have gone remarkably well with Canadian Provinces in our market which is certainly due to the knowledge of the investing public of the strength and the potential of the Canadian economy. This holds particularly true for the Province in which I have the privilege to speak today. As a member of the managing bank for Ontario, I am very pleased to tell you the issues of this Province have all been successful.

One other great problem of the present international capital market should be mentioned: the market is not yet sufficiently broad so far as currencies and placing possibilities are concerned. Although the US-dollar, in spite of the continuing balance of payments difficulties of the United States, has developed a universally accepted reputation as the leading issue currency and the D-Mark and the Swiss franc are also well received internationally, it could only strengthen the market if other currencies such as the Pound sterling or the French franc would return to the scene which presupposes, of course, an opening of their capital markets. I mention only in passing that in the longer run all these currencies might be replaced by a strong European reserve and issue currency. Looking at a future time, I could also imagine the Japanese yen becoming a currency for international issues.

As to the possibilities of placement it is obvious that the seclusion of such markets as Britain or Italy narrows the potential of the whole international market and involves the risk of an oversaturation of available markets for placement such as Germany or Switzerland. It is therefore reassuring that markets in Belgium and France seem to become more receptive these days thereby compensating for the present weakness of the German market.

But there can be no doubt that the crucial problem is the American, the New York capital market. It would be an illusion to believe that European capital markets can in the longer run, apart from satisfying all European needs, provide the bulk of the funds for foreign – including American – investment in the rest of the world. A stable and powerful international capital market which is a prerequisite for the further growth of our economies and particularly the great international or multinational corporations requires a reopening of the American capital market.

Let me conclude with a vote of confidence in our present international monetary system and the expression of my hope that the attained freedom of transactions in goods, services and capital will be increased rather than diminished in the future and international co-operation be improved on all levels.

Dr. Guth was thanked on behalf of The Empire Club by Mr. R. Bredin Stapells.

JANUARY 29, 1970

Sport is Big Business and Hockey is a Sport

AN ADDRESS BY Mr. R. Alan Eagleson,
EXECUTIVE DIRECTOR, NHL PLAYERS' ASSOCIATION AND MEMBER OF THE BOARD OF HOCKEY CANADA

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

In December 1968, the following statement headlined an article in *Maclean's* magazine: "I've been dealing with National Hockey League team owners and general managers for more than six years, and I've arrived at the conclusion that the way they like their players is big, fast – and uneducated."

The author of that statement would constitute an impressive one-man hockey team: blocking all the shots fired by his adversaries, providing a rugged defence to those whom he counsels, and driving forward with great skill through his opponents' weak spots. I refer, of course, to Mr. R. Alan Eagleson, whom we welcome to the Empire Club today.

Hockey may simply be a growth industry to the captains of the entertainment world but, for countless Canadians, it is part of the national identity. For one Canadian in particular, Alan Eagleson, it is a labour-intensive industry in which the condition of the labourer has, for too long, been ignored. He has led a rebellion against this condition at such an unstinting pace that he might well be described as "a rebel without a pause."

Born in St. Catharines, Ontario, Alan Eagleson was educated at Mimico High School, the University of Toronto and Osgoode Hall Law School, prior to his call to the Ontario Bar in 1959. He was also an accomplished athlete and still leads a strenuous life of golf, skiing, tennis and sailing – when he is not tilting at NHL windmills.

He might, at first glance, appear to be a somewhat paradoxical figure. He must surely be a trade-union organizer in the minds of NHL owners, for he directed the formation of the NHL Players Association in 1967. How does this reconcile with the fact that he was the Progressive Conservative Member of the Ontario Legislature for Lakeshore constituency in 1963-67 and became President of the Ontario Progressive Conservative Association in November 1968? In his view, the reconciliation is very simple. "The outmoded, medieval, master-and-serf attitudes toward players", to use his words, are reminiscent of those attacked by Disraeli in nineteenth-century Britain.

Alan Eagleson's concern for hockey in Canada is, in fact, a two-edged sword. Just as he is attempting to cut through some of the nets which entrap young players at an early age, he has been one of a small group of Canadians on the Board of Directors of Hockey Canada seeking to carve out a new role for Canada's national hockey team. His contribution to hockey, his public service, his numerous contributions to charitable work, and his coaching of minor league teams, not surprisingly, combined to earn for him a Vanier Award as one of Canada's Outstanding Young Men in 1968.

In the course of introducing over thirty speakers in a season, any President of the Empire Club becomes a considerable student of the biographical sketches of well-known people. If you will forgive me, Alan, I believe one of the nicest understatements which I have seen in that context appears in your biography. Following references to the contract negotiations for Bobby Orr and the arrangements for Carl Brewer's release to Canada's National team in 1967, there appears an item: "he negotiated the retirement of Eddie Shore when Springfield Indians went on strike." As I recall the newspaper accounts of that episode, which suggested that the whole team was in rebellion against conditions verging on the inhuman, the phrase "negotiated the retirement" is surely a magnificent euphemism.

Our notice card this week contained a cryptic printing error. It was intended to ask: "Are those who become professional exploited or exploiters?", but the word "exploiters" became "explorers". There is no doubt that Alan Eagleson has explored some of the previously unmapped regions of professional hockey and we are delighted that he will now tell us of some of the strange territory in which he has pioneered.

MR. EAGLESON:

The Random House *Dictionary of the English Language* defines "Sport" in the following manner:

> "An athletic activity requiring skill or physical prowess and often of a competitive nature."

It definies "Business" thus:

> "The purchase and sale of goods or services in an attempt to make a profit."

I trust you will keep these definitions in mind throughout my comments today.

The major leagues in sport in North America include The National Hockey League, The National Football League, The American Football League, The National Baseball League, The American Baseball League, The

National Basketball Association and The American Basketball Association.

The NHL employs 240 players; the combined AFL-NFL employ more than one thousand; Major League baseball has over 600 players; Major League basketball employs over 500 players. These numbers do not include the thousands of professional athletes who earn their salaries at the minor professional and semi-professional level. In fact, there are several so-called "amateur" leagues that employ high-salaried players. Carl Brewer, for example, reportedly earned in excess of $25,000 for one season with the Muskegon Mohawks of the International Amateur League.

These businesses are thriving. Fan interest and television revenue have increased annually. It was announced this week that every NFL and AFL team will receive over 1¼ million dollars annually from television. Some teams draw capacity crowds to every game. In football, more than 85,000 people poured into Cleveland stadium to see an exhibition game last September. In baseball, the Montreal Expos drew one and one-half million fans in their first season. In hockey, seven NHL teams have standing room only available for the rest of the year. In basketball, the New York Knickerbockers draw capacity crowds wherever they play, and the Milwaukee Bucks, thanks to Lew Alcindor, have already passed their '68-'69 attendance and the season is only one-half completed.

Business is booming!

Inflation has set in in every sport. In 1963, the New York Jets franchise had a value of one million dollars; today's purchase price is reputedly 20 million dollars. The Philadelphia Eagles sold in 1964 for 5.5 million dollars and for 18 million dollars in 1969.

In hockey, expansion franchises were granted in 1967 for two million dollars. In 1970, Vancouver and Buffalo will pay in excess of six million dollars. I am sure that the owners of the Oakland Seals, whoever they may be, are happy to see that price established. Since they are reportedly losing over one million dollars per year in their operations, the inflated price will permit them to break even, if they can ever sell their franchise.

Do these facts and figures describe business or sport?

In the January 10, 1970 edition of *Business Week*, there is an article entitled "The Pro in Football Stands for Profits". The article points out that pro football is big business for the following reasons:

1. The value of pro football franchises has soared so spectacularly that owners talk of taking them public.
2. The gross from TV rights, concessions and gate receipts will top 80 million in 1970.
3. Player salaries have skyrocketed and the players' association is bargaining like a union with the owners.
4. Players are cashing in on their names and fame off the field.

The super bowl figures are the most startling in professional sport. The TV and radio revenue for the one game was 2.5 million; the gate receipts exceeded 1.5 million. The players' shares were $15,000 to each Kansas City player and $7,500 to each Minnesota player. Each Kansas City player earned an additional $25,000 for his playoff endeavours.

Maple Leaf Gardens Limited and The Canadian Arena Corporation in Montreal have earned millions of dollars for their shareholders. What could be more indicative of hockey being big business than the share splits, the dividends and the profits of those two companies. Are they business operations or are they sports operations?

In an article entitled "The Economics of the National Hockey League", Professor Jones of the University of Victoria summarized his paper in this manner:

> "The NHL clearly possesses monopoly power and if the possession of market power is enough to warrant

> application of the Combines Act, then the NHL is liable. . . . Whether it is desirable that the NHL be placed under the Act (irrespective of its market power) is another matter. . . . Nevertheless, what is clear is that a complete reappraisal of the Combines Act *vis-à-vis* professional sport should be undertaken."

I suggest to you, gentlemen, that the owners of professional sports enterprises have always considered themselves to be business entrepreneurs. They have taken political steps to ensure their preferred status and until recently they had been successful in running their businesses in a crude, cunning and defiant manner. Changes have occurred within the last few years which the owners really don't appreciate, but they are forced to accept them. The most significant change is at the player level. Three years ago, the Major League Baseball Players' Association realized it needed a little more muscle in its decisions. They hired Mr. Marvin Miller, who was then an Assistant to the President of the Steel Workers of America in the United States. They are operating their Association as a business, and Miller's impact has been astounding in player benefits.

Three years ago, the National Basketball Association players threatened to strike during the league play-offs. Why? NBA owners had increased the schedule without increasing salaries. Their Players' Association, headed by counsel, Lawrence Fleisher of New York, forced the owners to act reasonably.

Two years ago, the NFL Players' Association hired an eminent labour counsel, Mr. Dan Shulman of Chicago. Within six months, the strength of the organization resulted in a strike prior to training camp. The owners once again were forced to come into the 20th century and meet what seemed to everyone to be reasonable requests. It is unfortunate that the owners forced the players to go to such lengths. The owners refused arbitration by anyone except the NFL Commissioner.

Three years ago, the NHL Players' Association was formed. The owners reluctantly recognized the Association in June of 1967, but I am sure they realize by now that our Association has the interests of hockey at heart. Surely it is in the interest of the game itself to let a player have a copy of his contract. Prior to 1967, this was not permitted. Surely a major medical plan was a benefit to the sport and yet there was none until 1968, when the players demanded it. Why didn't the NHL owners take these steps on their own? Business reasons said No! Hockey is a business and a sport!

The players' associations are meeting as frequently as possible, and at least four times a year. As a result, we are able to join forces in many areas. In 1969, the players' associations in baseball, hockey and basketball jointly retained a Washington spokesman. He keeps us in touch with U.S. senators and congressmen. We will fight any attempt by professional sports owners to obtain anti-trust exemptions.

All players' associations are anxious to find a proper balance between employer and employee. The pendulum has swung for the past 50 years on the owners' side. It is now swinging back towards the centre.

Our society considers sports to be big business.

The National Labour Relations Board opened up organized baseball to Board jurisdiction on December 17th, 1969. It ordered a representation election among 24 American League umpires. The Board decision was the result of the September 1968 firing of two senior umpires who had been organizing their colleagues into a bargaining unit.

The Board stated in its Majority Report:

> "Football and boxing have been held to be inter-state commerce and thus subject to Anti-Trust Laws. It can no longer be seriously contended that the Supreme Court still considers baseball to be outside inter-state commerce. We find that pro baseball is an industry and subject to Board jurisdiction."

This decision suggested that baseball's reserve clause would soon be under review.

The prediction was timely. Early this month, Curt Flood, a perennial all-star with St. Louis, was traded to Philadelphia. Under baseball's system, his alternatives were obvious. He could either report to Philadelphia or retire. Flood chose neither of these courses. He decided to challenge the reserve clause, which in baseball connotes total and outright ownership. If Flood had been in any other business but sports, he could have left his employer and sought employment elsewhere. In sports, however, this right is not available to the player. He must either go to the team to which he is traded or retire from the business in which he is well-trained and well-paid. Is this not inequitable in today's supposedly just society?

Flood's legal action has created reverberations around the world. All of the players' associations in the major sports have backed his stand. Editorials in the European Press have expressed disappointment in the fact that North American teams own players in the manner of feudal barons. The Russians have, of course, condemned the American way, suggesting that there is complete freedom in Russia.

The owners, of course, say the game would be ruined without the reserve clause. Professional football hasn't been ruined by the player's right to play out his option. Calgary Stampeders still made it to the western final last year without Pete Liske. Ottawa Rough Riders managed to win the Grey Cup without Bo Scott. Soccer thrives in Europe, even though a player has the right of self-determination.

The action by Flood is not surprising. It had to come. It might well have arisen in hockey last year if Bobby Hull had challenged Chicago's right to restrain him from employment away from Chicago. Carl Brewer took a stand in 1966 that benefited every pro athlete when he challenged the NHL.

Every sports executive has stated that the removal of the reserve clause would create chaos in sport.

In June 1969, the President of the NHL, Mr. Clarence Campbell said:

> "If the NHL owners were to vote for an option clause (rather than the lifetime reserve clause), they would vote themselves into oblivion."

In January of 1970, the President of the American Baseball League said:

> "The reserve clause is the backbone of baseball. Without it, the game would collapse."

In 1963, Mr. Alan Hardaker, Secretary of the English Football League, stated:

> "Without the retain-and-transfer system, there would be complete anarchy in the football world."

The difference between Mr. Hardaker's statement and those made by Mr. Campbell and Mr. Cronin is that six years have elapsed since Mr. Hardaker made his remarks. His statement was made in connection with a lawsuit by a player named George Eastham. In that case, Mr. Justice Wilberforce ruled that the regulations of the English Football League relating to retention and transfer of players were an unreasonable restraint of trade and that the reserve clause was illegal.

This court ruling and the resulting changes in the operations of the English Football League have not spelled doom for English soccer. The players now have more rights, higher pay, and yet the standard of play has risen to the point where the English League is unquestionably the strongest in the world. Surely the statements by Messrs. Campbell, Cronin, and Hardaker reflect their concern for their businesses, not their sports.

In 1969, the Task Force on Sport, headed by Dr. Harold Rea, reported to the federal government in this fashion:

> "The Task Force cannot approve of this (the NHL) reserve clause. We recommended steps be taken, if necessary, by legislation, to require its deletion."

Using this Report as a lever, the National Hockey League Players' Association convinced the National Hockey League owners that the matter had to be studied immediately. Three meetings of an owner-player committee on this topic have now been held. As counsel for the players, I insist that they act reasonably. I have convinced the players that management is entitled to a return on their investment. I have advised them that salaries can spiral upwards only if the owners continue to earn profits. The players recognize that management is a very important element in the business of hockey. I stress the word business because a player accepts the fact that, because he is earning his living from sport, it is his business. A player is required to meet schedules, obey rules and do certain duties – as is any businessman. It seems that management considers itself a business only insofar as its operations are directed to profit. They rush to hide behind the word "sport" only when they hear the words "anti-trust" or "combines". The President of the NHL told a Canadian TV network audience that the NHL head office was in Canada because our combines laws were so much easier on sports than American laws were. I had hoped he would have said the head office was in Canada because hockey is our game and because 99% of all NHL players are Canadian.

Do his comments reflect the views of a businessman or a sportsman?

The NHL players in their discussions with management on the reserve clause acknowledge that owners may require more than one-year contracts. They insist that the present lifetime option is not a satisfactory system. There are many possibilities between these two extremes.

The obvious solution is the option clause. The owners argue that in such a situation the richest club would take all the best players and competition would be reduced. Facts do not bear out their comments. The Green Bay Packers, a club that had the lowest salary scale and the smallest stadium won the world championship three years in succession. Even with the lifetime option there has been little competition in several sports. In hockey, the Montreal Canadiens and Toronto Maple Leafs have won the Stanley Cup in 13 of the past 14 years; in basketball, the Boston Celtics have reigned supreme for a decade; in baseball, we have seen the old dynasties of the Yankees and Dodgers.

The owners also suggest that a player would have a dual loyalty if he were allowed to play out his option. The NHL President stated in his reply to the Task Force that a player might not play to his best ability against a club he had signed to play for in the year following his option. He, in fact, admitted that his main concern was his lack of trust in the NHL owners. No player could ever be signed while he was playing out his option unless a dishonest owner broke the rules and offered such a player a contract. The theory of disloyalty to a club fails to recognize something that exists in the heart of every professional athlete – the will to win. I have never seen an athlete who started a game without a keen desire for victory.

Major League baseball has only itself to blame for the suit by Curt Flood. For two years now, the owners have refused to bargain legitimately with the Major League Baseball Players' Association insofar as the reserve clause is concerned. The following proposals have been made and all of them have been rejected without discussion:

1. A player could be granted the right to play out his option, with a 10% reduction in salary.
2. A player could be given a long-term no-cut contract, subject to salary review annually.
3. A player could be given the right to be a free agent

twice in his career, at least three years apart.

4. A player could be made a free agent if the club was not willing to give a 10 or 20 per cent annual inincrease in salary.
5. A player could be made a free agent if he was demoted to a Minor League team.

Management states simply that none are acceptable. They say they cannot survive without the reserve clause.

Management's unyielding position proves they are in business, not in sports. If all they were concerned with was promoting athletic activities then they would not be concerned with such problems as the reserve clause. They are unyielding because they can see what the business results will be. The player will have more rights, so they assume, perhaps correctly, that costs will rise. Baseball management has acted unreasonably, and as a result, the Flood case is before the courts.

I trust that our hockey owners will see the merit in our suggestions. Sport is big business, and hockey is a sport!

I would now like to turn to international hockey. As a Director of Hockey Canada, I was very proud of our Board's decision to withdraw from international competition. The I.I.H.F. has allowed itself to become a political unit. In spite of an agreement that would have permitted nine minor professionals to play for Canada in 1970, this body changed its decision to satisfy the clamour from the Russians. They referred the matter to the original "Mr. Clean", Avery Brundage. Mr. Brundage, the President of the Olympic Association, obviously has not lived with Olympic athletes for several years. He seems to be convinced that all Russian athletes, for example, are amateurs. He suspects, on the other hand, that all skiers and hockey players, except those from Russia, are professionals. How could any player suddenly become tinged with professionalism at a tournament in Canada yet remain pure even though he played our professionals in Russia? That is a question Mr. Brundage has declined to answer.

The chief barker for the I.I.H.F., Mr. "Bunny" Ahearne, fell victim to the Russian plot. The Russians use their sports victories as propaganda tools. Every victory is followed with statements that echo the view that the main reason for their athletic prowess is the Communist system. Such statements have significant effects on European countries, most of whom cheer for Canada. A loss by the Russians in international sport often results in military demotions. This gives further proof to the suggestion that the military careers of athletes vary directly with success in their sports.

The Russians saw we could defeat them with our minor professionals and decided they had to save face. Ahearne co-operated because he could see his so-called world championship bursting in his face. Our team for 1970 might have defeated the Russians and this would have had severe political repercussions. It is my hope that Canada's next representatives in any world tournament will be the *best* Canadian players available. The Eastern Division all-star team that played so well last Tuesday would easily defeat the best Russian team. Until the Russians want to play our best, we should ignore them. They have improved and will improve even more by playing our best. At present, they fear us and fear defeat. I suspect that they will not challenge us for at least three years.

I visited Russia last year and met with the Canadian Ambassador, Mr. Ford. With his assistance, a meeting was arranged with the Russian hockey representatives, Mr. Storovoytov and Mr. Koval.

I read a prepared statement to them and agreed not to release it publicly if they apologized for remarks by Mr. Tarasov, the Russian coach. The apology was made and they advised me that Mr. Tarasov's remarks were his personal views.

As a Canadian, I was very upset to hear Comrade Tarasov make the same comments this year in Canada. To show all Canadians the stand taken by the NHL Players' Association last April in Russia, I quote from the statement given to the Russian Hockey Association representatives:

> "I would like to thank you sincerely for arranging to meet with me today. As you know, last week in Sweden, I met with many other world hockey representatives, including Mr. Ahearne. I had expected to meet with you there but you asked me to wait until I came to Moscow. I bring you the best wishes of the National Hockey League Players' Association, of which I am the Executive Director. Our Association is much like a trade union and I know you in this country know and appreciate the value of the workers. Our Association has a good relationship with the owners and although I do not represent them in any capacity whatsoever, I am certain that they share most of the workers' views in this matter.
>
> I have seen your team play several times in the last few years. You have many players of high calibre. Such NHL stars as Bobby Orr, Serge Savard, Derek Sanderson and Danny O'Shea have played against your teams and they have a great respect for your players. Our Canadian national team has praised your great precision play. The coach, Jackie MacLeod, states you are a good team. Many other NHL players who have seen you play are convinced of your abilities. Some Canadian reporters and broadcasters feel you are capable of playing against the professionals and doing well against them.
>
> The members of our Association are predominantly Canadian. Many live and work in the U.S.A. but they remain Canadian. We have great pride in our country and it disturbs us when we read that Russia is reputed to be world champions. We feel that the NHL winners of the Stanley Cup are the world professional champions.

In spite of the praise you receive in some quarters, your version of world hockey is looked on with disdain in many others. The overwhelming majority of North American hockey fans, coaches, reporters, broadcasters and experts feel your team is quite inferior. They argue that an NHL team would wallop you by 7 or 8 goals in every game.

I do not share this disdain but I do state categorically that the NHL, in my opinion, is a much superior brand of hockey. Our professional players have great pride in their ability and are convinced of their supremacy.

The Czechoslovakian and Swedish teams feel you were lucky to win the 1969 world tournament. They feel you won the first game against the U.S.A. by a large score because the U.S.A. was unprepared. This does not matter to me. You are considered to be world amateur champions. You won the cup and no other aspect need be considered.

The I.I.H.F. rules were changed to allow six professionals to be reinstated just before the tournament. This will accomplish very little because unless and until the world champion amateurs meet the world's best professionals, your victories will always be suspect. Sweden and Czechoslovakia have both expressed an interest in playing the professionals and it would be unfortunate if the first European match did not include Russia, the amateur champions. There are many examples of games between amateurs and professionals. Canada's national team has played NHL teams from New York, Detroit and St. Louis in recent years. I.I.H.F. consent to such games has always been granted. Under your rules, you must make an application for such a game.

I have with me a news report in the *Toronto Star* dateline Moscow, January 11, 1969. It refers to an article by your Russian Coach Tarasov. The title was 'Pride or Cowardice'. I will read a few comments from that article.

Mr. Tarasov said:

> 'We have repeated our challenge several times now, we have tried to find words so strong that they would provoke a response.
>
> We have said that we and not you are the champions. . . . Let's play and see if you can win from us and prove that you are the strongest in the whole world, not just in the western hemisphere.
>
> Canadian amateurs are no longer a match for our team. Canada has only beaten Russia twice in the last three years, both times on a Canadian rink and with Canadian judging.
>
> Russia is not afraid of playing by the rougher professional rules. We assure you that our boys will be able to knock the eagerness for rough-housing out of anybody who tries to play rough against a Soviet hockey team.
>
> We are still the strongest team because we have the professionals.' (I wonder if Mr. Brundage has read this article.) 'It is time for Canadian team officials to forget their arguments against the match and let the world see a most interesting, most gripping spectacle that would afford enormous pleasure to everyone who has occasion to see it either in person or on television.'

Your coach made the challenge in that article and the players have responded. Our players are not cowards. They are proud men, and they are tired of these comments. They are satisfied that they can defeat your team decisively. The owners of the NHL are very interested in a game of this type. The Toronto management in January of 1969 predicted that the game of the century between the NHL professionals and the world amateurs would take place this year. This indication by one owner exemplifies the interest of most of the NHL owners. The owners have great pride in their product.

> I am speaking for the workers and your system here in Russia recognizes their importance. We wish to give you the opportunity you say you have been denied the opportunity to play the world's best professionals.
>
> Under the I.I.H.F. Constitution, your Federation has the right to apply for permission to play such a game. If you wish to play us, make your application: if you do not apply, we will presume you are afraid to play us. Gentlemen, it is your move. If you do not move, we will appreciate it if you cease making challenges which you are afraid to honour when they are met."

A copy of this statement was left with them. It is interesting to note that everything Tarasov requested, Hockey Canada did, and yet when the smoke cleared, Russia was running for cover behind Avery Brundage's cloak of "shamateurism".

Charles Hay as President of Hockey Canada took a firm and proper stand on the issue and I join with all the players in the NHL Players' Association in thanking him for it.

Mr. Eagleson was thanked on behalf of The Empire Club by Mr. C. C. Hoffman.

FEBRUARY 5, 1970

1970: The Year of Transition

AN ADDRESS BY Dr. Paul W. McCracken,
CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS, WASHINGTON, D.C.

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

The fact that economics is an art as well as a science perhaps explains why our economic literature is sprinkled with varying definitions of its purpose. However, this characteristic is not as evident in other parts of the world as I discovered, over fifteen years ago, in conversation with a Russian professor in Moscow. He suggested that economics had a universally accepted definition in the Soviet Union. "Economics," he remarked, "is the science which studies the self-destruction of the capitalist system." Today, we are privileged to welcome an economist who has the principal responsibility for advising on the preservation and improvement of the American economic system and for ensuring that some other definition of economics will prevail.

In the United States, the business community provides the operational components of the economic engine, the President and Congress attempt to control the direction and speed of that engine, and the Chairman of the Council of Economic Advisers provides the traffic signals and navigational aids. Considering the obstacle course over which American economic policy-makers must manoeuvre, the navigator is called upon to display unusual skill and intuitive judgment. In the face of those requirements, the choice of Paul McCracken as Chairman of the Council of Economic Advisers came as no surprise.

The Chairman must not only be a good economist, but also a persuasive advocate. He must not only diagnose economic conditions, but he must also convince the decision-makers of the potential effectiveness of his prescriptions and remedies. Dr. McCracken's success is as much the product of his skill with the English language as of his analysis of the economic world. He acquired that skill very early in his career. As a young graduate of William Penn College in Iowa, he taught English for three years at the Foundation School, Berea College, Kentucky. Yet he must often have pondered the reasons for the peculiar economic conditions of that period, 1937-40, because he was prompted to take up graduate studies at Harvard University, leading to an M.A. and PH.D. in Economics.

For the next twenty-eight years, his career followed a pattern familiar among so many American economists. A sojourn in Washington as a young economist with the Department of Commerce provided him with a view of the world of politics and bureaucracy. A period as financial economist and director of research for the Federal Reserve Bank of Minneapolis exposed him to the secrets of money management. He then assumed the role which became his principal career – a faculty member in the School of Business Administration at the University of Michigan, where he held the Edmund Ezra Day University Professorship.

However, the call of government service has been persistent and he has responded with admirable bipartisanship. He was a member of the President's Council of Economic Advisers from 1956-59, a member of the Task Force advising President Kennedy on the Domestic Economic Situation and the Balance of Payments in 1961, and a member of the President's Commission on Budget Concepts in 1967. Nor has Michigan held a monopoly on his services as a teacher, for he has been a guest lecturer in Japan, India, and various parts of Western Europe.

That tired old platitude which suggests "when the American economy catches cold, Canada catches pneumonia" is one I would normally ignore were it not that the physician who must prescribe the cure is with us today. Your willingness, Sir, to assume your present responsibilities should indeed be cause for our profound admiration. After all, no one has yet found the cure for the cold, any more than we have learned how to immunize ourselves against its multiplier effects. However, we are adopting, today, the best available form of preventative medicine, by inviting Dr. McCracken to describe to us: "1970: The Year of Transition."

The Empire Club is accustomed to hearing from men of distinction, from men of responsibility and from men of influence. Gentlemen, I am honoured to introduce Dr. Paul W. McCracken, the Chairman of the Council of Economic Advisers: a distinguished economist, a responsible public servant and an influential adviser.

DR. MCCRACKEN:

Thank you very much, Mr. Macdonald.

I certainly want to express my profound appreciation for the opportunity to be here today. This area is a vastly exciting, explosively growing segment of the economy that would thrill any economist.

I have been paying visits to Toronto periodically for about 20 years. I can certainly testify to the metamorphosis which has occurred in those two decades.

I am also delighted to be here today for a far more practical reason, and that was simply to listen to that introduction.

I would like to let the matter stand at that point. And it really, of course, is not courteous for a guest to correct a Chairman. But, you will note my name; I have a certain Scottish loyalty to integrity here, and I think I really ought to tell you why one or two things actually did happen.

I did not leave Berea College and the teaching of English because I had come within the grip of concern about the cosmic things that were happening in the economy. They were indeed happening, but I was unaware of them at that point.

The main reason was that after my third year of teaching English at Berea College I was assigned a practice teacher who turned out to be, I thought, an extraordinarily attractive blonde, who subsequently became my wife.

Now, the problem was that she was a major in English. I was not. And I found that very low on her list of academic interests was economics.

So here I am.

The second correction which I feel compelled to reveal here is one which some of you have heard me cite before. The fact of my being Chairman of the Council of Economic Advisers is really very simple. It is that if the three Republican economists in the United States had not been willing to do their duty there would have been no Council of Economic Advisers at all.

I think most of us who follow economic developments closely had a particular appreciation for the comment which your Prime Minister made, I think, about a year ago when he was in Washington. He alluded to the fact that being next to the U.S. economy was a little bit like sleeping with an elephant in bed. No matter how benevolent the beast might be, every twitch and groan constituted a crisis. And I am sure that is the case.

Economists, as you know, are not a notably optimistic group of people. And this has been the occasion of a good many rather snide comments from the poets.

We are all familiar with Carlyle's dictum about "those professors of that dismal science".

I think that my Poet Laureate for the economics profession would really be Wordsworth, who summarized the whole discipline in a quatrain when he said:

"High Heaven
Detests the lore
Of nicely calculated
Less or more."

And when you stop to think about it that is most of what economics is all about.

In spite of all of this I would say that if I have any message to bring to this audience here today it is one of some confidence and optimism.

The first reason for some degree of optimism and confidence as we look ahead is that we are now beginning to make real progress in trying to get the long overheated U.S. economy cooled off.

This has been a struggle. And I think we ought not to have been particularly surprised that it has been a struggle.

Here was an inflation which had been underway since the latter part of 1965. Inflation occurred because on successive occasions, as economic policy started to face up to countering the basic problems, our national leaders backed away from difficult decisions. Given this repeated tendency for economic policy to avoid a confrontation with the basic issues, and the simple fact of the long-sustained inflation itself, it was not at all surprising that we were faced with a deeply hardened skepticism about the responsibility of Government policies.

Let me hasten to say that I am not trying to give a partisan speech or to imply that the forces of light took over just about a year ago and that prior to the transition all was darkness. One of the key turning points in this battle was the effort that finally led to a substantial tax increase in the middle of 1968. The budget, which had been in a state of massive disequilibrium finally culminating in a twenty-five billion dollar deficit in fiscal year 1968, finally got back into a state of reasonable balance. In addition, monetary policy became progressively less expansive, and after about April of last year became really quite stern. These policies have now been in place long enough so that they have had a chance to start exerting their effect on the economy.

We had to go through the inevitable skepticism. As the months wore on in 1969 a rather common refrain on the part of those who came into my office at least was, "Well, your policies aren't working; the indexes of business activity in the last month don't show any restraining effects at all."

That was true; they did not, in most cases.

But what was being overlooked was something very fundamental. It does take time for basic changes in fiscal and monetary policies to start to exert their bite on the economy. I think it is now evident that we did mean to face the basic issues; there are a good many pieces of evidence now that the economy is finally starting to come around.

I suppose the last area of skepticism that remains is whether this adjustment in the economy will have any therapeutic effect on the price level and on the underlying costs.

I think that this period will go down in the annals as one in which we learned a great deal about the nature of economic processes. If there is one thing that we have learned by this kind of research over the years, it is that the initial effects of any policies of restraint almost never show up early in the game in the price level. They start to show up in terms of slowing down the economy, and only later get to the price level.

But the notion that something basic has happened and that consequently we will never be able to get the economy to come around, or the price level to come around, is actually a refrain which has had several incarnations in my increasingly long history as an economist.

When I was a graduate student in economics at Harvard we "knew" that our kind of economy would probably never again be capable of sustaining full employment. That belief seems a little silly now, but it was very real at that time.

And it is only about ten or twelve years ago that a leading journal of economic opinion carried an article, the title of which was "Dollar Shortage Forever?" To be sure the title had a questionmark at the end; but this was a pervasive concern. I understand that the largest number of books and articles published on the dollar shortage appeared in 1958, just when the thing turned the other way.

We need to be very careful about this doctrine of inevitability or ineluctability. It has had earlier incarnations and has come a cropper. I think we will see the effects of the economic adjustment on the price level.

The second reason for confidence as we look down the road at the economic scene has to do with something that is more international in character.

I think we have done some things which have established a far stronger basis for a viable international trading and financial system. The prospects are better now than they were not so terribly long ago.

We have had a realignment of some important exchange rates which has removed an element of strain from the system that was tending to produce recurring crises. This adjustment is all to the good.

We have taken some significant steps (such as the activation of the SDR's) to come to grips with the need for growing liquidity as world trade and commerce expands.

And I consider it to be quite significant that, at the annual meetings of the International Monetary Fund in September, a decision was made to explore some of the elements of the adjustment processes that may improve the capability of national economies in this world scene to adjust to one another in a more resilient and orderly manner. We know that the positioning of economies in the world scene will tend to shift a little from time to time for all kinds of reasons. Governments have different objectives of economic policy. And technological factors themselves may change.

The decision to study carefully ways by which a little more capability for adjustment might be built into our system is a good one. It was, of course, supported by Mr.

Jenkins in his important speech there, and also by the Secretary of the Treasury of the U.S. Government, among others.

I might add that there is an excellent discussion of this subject in Chapter 5 of the President's Economic Report.

The third thing (and here I want to talk rather specifically about the U.S. setting) that leads me to have some greater degree of confidence is that I think there is beginning to emerge a new realism about the fact that, rich as we are in this part of the world, and expanding as our economies may be, we must confront the basic fact of economics that what we want to do with our productive resources still far outpaces the productive resources that we are going to have available. (This is why poets have always held the economists in such contempt. They were always telling people they cannot do something.) I think our increasing realism in considering the difficult priority questions is the important first step toward better and more rational decisions in the public sector.

Now, what I have in mind is this: for too long, indeed, for much of the professional lifetime of people my age, we have thought too much in terms of relieving present constraints by some painless method, such as growth of the ever-expanding fiscal dividend.

For example, when I was beginning my studies of economics about the time the war broke out, we could make our computations about how much we could do, or how many of the needs we could take care of in the nation by regaining full employment.

There was a vast increment of output which was there to apply to the needs that were not being met at that time. And that was absolutely true.

Now, this took a slightly different form then. Toward the end of the war we did regain full employment. But of course production for the civilian economy had been held pretty static. Thus we calculated what we could do once we could unwind the war effort and allocate that productive potential to the needs of the civilian economy.

In more recent years we have spoken of the "fiscal dividend", a perfectly legitimate concept which rests on the fact that any given tax system in a growing economy will automatically produce an annual increment of revenue.

In the United States this annual increment of revenue at the Federal level is about twelve to fourteen billion dollars. Unfortunately, most of that increment for fiscal year 1971 has been eliminated by the planned demise of the surcharge.

When we expect this increment of revenues to provide the funds for all our desired projects we overlook some fairly important points. One of them is that a large part of our growing capability to produce goods and services will be claimed, as it were, by consumers because as material levels of living rise aspirations also rise.

This is why we will never reach a state of affluence at which everybody is happy and we can devote whatever increments of production we then have to something else.

Here we are with per capita incomes now at forty-five hundred dollars or something like that and the list of things that people want to do as soon as they can get a further increment of income is probably about as long as it was ten years ago, or even 30 years ago. The items on the list are different, of course, but the list is equally long.

In the next ten years, the United States is going to have, as the President indicated in his State of the Union message, a 50% increase in the economy in real terms. I think that is a reasonable expectation. In percentage terms, Canada will probably do somewhat better. But one thing we need to bear in mind is that as the economy grows and per capita incomes increase, a significant part of that output will be claimed by consumers exercising their right to spend this additional income.

We decided that in the Economic Report this year we ought to push the horizon back a little bit so we could get a longer-run look at our problem. Our analysis is summarized in Chapter 3 of the Economic Report, that goes by the extraordinarily fascinating title of "The Uses of the National Output." Governments seem to have a genius for camouflaging their prose with great titles.

What we did was to look ahead for five years and to say that on the basis of the kind of analysis that we can make (and it is said to be fairly accurate) the economy, if it stays at reasonably full employment, will be moving along a certain path. That constitutes the total output of which the economy operating on reasonably full employment would be capable of producing in each year.

But we know that consumers are going to be wanting to exercise their claims against a substantial part of that growing output just as they have in the past. And that has been, of course, the basic contribution to welfare, to material welfare, that our economies have traditionally been making – the doubling of material levels of living every generation which we have achieved here on this side of the ocean.

We also know that, given the rate of increase in the labour force, there will have to be a slightly larger percentage of our gross national product allocated to capital formation if the stock of productive capital is to move along *pari passu* with the more rapid growth of the labour force. If it does not we jeopardize our capability to sustain the growth in productivity on which we are counting.

We also know that we are going to have very heavy housing needs. Indeed the Congress in the Housing Act of 1968 even set an explicit goal of building and rehabilitating 26,000,000 housing units within a decade.

And then, and this I think was perhaps the novel element, in conjunction with the Budget Bureau we took existing programmes in the budget and attempted to price them out annually over the next five years.

Many of these programmes, even if unchanged, will require increased outlays from year to year; social security is a clear case. As the numbers on the rolls increase with no change in the programme, outlays will of course rise. And this is true of many other programmes.

We then tried to price out the new initiatives to which the administration had already committed itself, such as the new family assistance plan, revenue sharing, and the control of pollution. What we found was very interesting.

So far as the whole economy is concerned, there is no elbow room; there is no margin of unclaimed resources out ahead for about two or three years, and very little even out as far as the year 1975.

What this means to me is that if we can start seeing the problem in these terms, then we can begin to see the implications of what we say when we talk about governments accepting vastly increased responsibilities for our very real urban problems and social problems generally.

What we are saying here is that the assumption of such responsibility carried with it automatic implications for taxation. Because there is no magic increment of growth to be obtained from regaining full employment a la thirty years ago, nor will the annual fiscal dividend, which is the more recent melon which we thought each year would be just ready to cut up the next year, be the solution.

The fact of the matter is that any major new initiatives will carry with them automatic implications for taxation.

I say, "automatic implications for taxation". But of course it is true we have discovered that budgets do not necessarily have to be balanced.

Can we not rise to the sophistication of possibly taking care of the needs even if it is necessary to run an unbalanced budget? The answer is no for a very good reason – that you may solve the problem of what you put in the budget that way, but you cannot allocate resources beyond the gross national product available.

If we continuously run deficits then the Treasury will have to dip into the national savings stream in order to cover the deficit in the budget. This will use resources necessary for financing the housing and capital formation that we also need.

Therefore, decisions within the budget carry with them implications about claims on our total productive resources. The matter of a strong budget is not simply some gesture toward an ancient canon of finance of balancing the budget.

Unbalanced budgets are not necessarily sinful. But they carry with them consequences. And one of the consequences of this exercise that we have gone through is that we will not only need a balanced budget, but we are probably in a decade when what we really need is substantial surpluses year after year in order that the Federal government's fiscal operations will be supplementing the national saving stream so as to finance the housing and capital formation that we want to achieve during this period.

I do not consider that this is a pessimistic conclusion. I consider it to be quite the opposite. I think this kind of analysis, this kind of framework for setting the problem, is going to make for more rational public thinking about the kinds of economic policies that we are going to need south of your border if we are to have the kind of orderly and expanding economy that we need there, and which also has relevance to you.

In other words, as I have studied economic policy over an increasingly long period, I have myself come firmly to the conclusion that where there has been a significant miscarriage of economic policy it is because the public did not really see clearly the nature of the problem. In a democracy, if the Government will perform its obligation of making clear the policy issues so that people begin to see the nature of the problems that we face, then we can generally count on public opinion rising to the occasion and supporting the kind of policies that will be essential.

And it is for that reason that even an economist, I think, is entitled to his moment of optimism.

Dr. McCracken was thanked on behalf of The Empire Club by Mr. H. N. R. Jackman.

FEBRUARY 12, 1970

S.S. Manhattan's Northwest Passage Voyage – Observations by Canada's Representative

AN ADDRESS BY Captain T. C. Pullen,
CANADIAN GOVERNMENT REPRESENTATIVE
ON THE VOYAGE OF THE S.S. *Manhattan*

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

The year 1970 marks the 300th anniversary of the founding of North America's oldest corporation – the Hudson's Bay Company. Although the North has provided a romantic thread in the fabric of Canadian history throughout that period, the issue of Canada's sovereignty in the Arctic remains unresolved. Now, a new dimension has appeared in the form of modern marine technology, which may succeed in driving a final wedge through the Northwest Passage.

This event is important to Canada and to the World. There are few Canadians in a position to appreciate exactly what has happened or what is likely to ensue. However, there is one Canadian whose name has been intimately associated with the North, whose experience is perhaps unmatched in northern affairs, and for whom the Northwest Passage retains all the magic of the early days of travellers to the East. He is Captain T. C. Pullen and we are fortunate that he is with us today.

The issue of northern technology and Arctic sovereignty came to life last summer with the voyage of the giant, icebreaking tanker, S.S. *Manhattan*, sponsored by Humble Oil and Refining Company. There has been a suggestion that "be it ever so humble, there's no place like the Arctic"– at least, for oil! Questions such as: Who owns the resources? What are the hazards of pollution? What are the prospects for year-round navigation? are now being asked daily. We have today an opportunity to hear some of the answers from the Canadian Government Representative on that voyage.

Thomas Charles Pullen is a native of Oakville and a graduate of Lakefield Preparatory School, the Naval Staff College, Greenwich, and the Imperial Defence College, London. For thirty years, he served in the Royal Canadian Navy prior to retirement in 1965. The uninterrupted record of service by his family in the Royal Navies spans two hundred years. The Pullen involvement in the Arctic has followed a parallel course; for example, two great uncles, serving in the Royal Navy, took part in the Franklin Search 120 years ago.

Captain Pullen's heart may be in the North, but his service has spanned the seven seas. In earlier days, his command included three destroyers and a frigate; subsequently, he was senior officer of several Canadian ships in Korean waters. More recently, his command embraced *HMCS Labrador*, which was the Navy's Arctic Patrol Ship and Icebreaker, *Provider*, the Navy's first big Fleet Replenishment vessel and *Shearwater*, the Naval Air Station.

It will be no surprise to you, therefore, to learn that Captain Pullen is presently a member of a firm called *Northern Associates*. This consulting group was formed in 1965 to bring together people knowledgeable in matters pertaining to the Arctic. In the course of that association, he has served a combination of the public interest and private enterprise in the form of the Department of National Defence, the Department of Transport, Baffinland Iron Mines, The Coppermine River Limited and, of course, Humble Oil and Refining Company. In those pursuits, he has been aboard ice-breakers in the Arctic during every year since 1964.

Not only did he represent the Government of Canada aboard the S.S. *Manhattan*, during her memorable voyage through the Northwest Passage, but he was also responsible to the Department of Transport for the co-ordination and control of Canadian icebreakers accompanying that great pioneer vessel. He played a critical operational role throughout the entire exercise, advising Humble Oil on matters of ice navigation, ice seamanship, route selection, and tactics appropriate to ships working as a group in heavy pack ice.

On January 26, a question was asked in the House of Commons: "What is the estimated Canadian Government expenditure in assisting the U.S.-owned oil tanker *Manhattan* in its navigation of the Northwest Passage?" Is it not curious how parliamentarians are preoccupied with costs, to the neglect of benefits, and with outlay, rather than returns?

To tell us about the monumental lessons and benefits from the Voyage of the S.S. *Manhattan*, I am very happy to introduce "a real cool captain on a very hot issue"– Captain T. C. Pullen.

CAPTAIN PULLEN:

My topic today might best be called "In the Wake of the *Manhattan*". I say this because ever since that great vessel returned last year her epic voyage has left behind in Canada, so it seems, a considerable measure of acrimony and uproar. But most critics, although no doubt well meaning and sincere, simply don't know what they're talking about. I have been astonished to hear and read a stream of opinions on this and related Arctic topics from people who know nothing about the subject. So, to the best of my ability, I will attempt to put the significance of last year's Arctic Tanker Test into focus. I should make it clear at the outset that the views I may express here today are my own, that they are the product of an intense family interest in matters Arctic that goes back 120 years and a personal involvement that goes back to 1955.

I won't weary you with a detailed recitation of the history of the Northwest Passage and I can only hope you have a reasonably good picture, in your mind's eye, of Canada's northern regions. At first glance our many Arctic islands and waterways appear to be haphazardly distributed. In fact, closer examination of Parry Channel, which is the deep water Northwest Passage, reveals it to be a wide straight waterway – quite distinct and no doubt about it.

It was Amundsen, that doughty Norwegian in the *Gjoa*, who first achieved the exploit in 1906 but only after five centuries of unsuccessful endeavour by many other expeditions. Actually, Capt. Robert M'Clure, Royal Navy, made it in 1854 but the key part of his journey had to be completed on foot. After Amundsen came Larsen, of the R.C.M.P., who made the passage in the forties, east and west, in the sturdy little *St. Roch*. Then *Labrador*, the Royal Canadian Navy's Arctic Patrol ship, under Robertson. This was in 1954. Thereafter a number of ships did it, including two nuclear-propelled submarines. Except for our *John A. Macdonald* they were American. Altogether 12 different vessels and 17 transits.

There are numerous variations of the Northwest Passage but essentially there are two basic routes. One is the shallow coastal route which hugs Canada's mainland. The other is the deep water route through Parry Channel already mentioned. It is the latter which concerns me today.

Until the *Manhattan* appeared on the scene, the largest ship to sail around the top of America had been the *Macdonald* displacing 9,000 tons. To put the tanker's feat into perspective, it may be of interest to note that her displacement was 155,000 tons. Being 1,005 feet long, 150 feet wide and having a draft of 55 feet, she is truly a remarkable ship and unquestionably the world's finest icebreaker.

The object, of course, of Humble Oil's test was to determine the feasibility of year-round operations by giant ships through the Northwest Passage bearing Alaskan crude to the U.S. east coast. It has become a contest, it seems, between those who believe in pipelines and those who favour tankers. In fact, it is probable that we will need, and get, both in some form. The 48-inch Trans-Alaskan Pipeline System will supply the west coast market with about one quarter of the north slope output. The balance is destined, one way or another, for the east coast. We're talking about a total output of 2 million barrels a day.

What about costs? Well, it's not easy to arrive at a reliable estimate. To provide terminal facilities for tankers off the north slope, costs are now understood to be substantially less than the 500 millions which was one estimate some time ago. Shipbuilding costs will be very much higher than for conventional tankers because of the additional steelwork and strengthening needed, plus many additional features and equipment not found in ordinary ships. A figure of 60 to 70 millions per ship might not be far off the mark. A fleet of 20 such tankers is envisioned. To this, add costs for marine insurance, east coast terminal facilities, so-called user charges by Canada, plus others. A total of 2 billions is an approximation but substantially less than the "all pipeline" solution, even assuming the latter is practicable and acceptable. At one point the tanker costs were half the pipeline costs but recently the figure has become somewhat less favourable for tankers though still very attractive.

Manhattan was the best vessel Humble could locate for their purpose and she was converted to an icebreaker as quickly as man's ingenuity could devise. This was accomplished by cutting her into four sections and distributing them to selected shipyards on the east coast so that they could work on the conversion simultaneously. This was intended to save precious days as it was hoped to sail for the north in time for a June/July test or even earlier if possible. In the event, she didn't get there until 1 September, the easiest time of the year for ice navigation and just precisely what the sponsors had striven to avoid. It had been a good try.

Captain Steward, her Master, grumbled that no one should have to endure the indignity of seeing one's ship chopped into giant portions. He also boasted that few Captains could claim to having seen the stern of his command alongside the bow and, what's more, pointing in the same direction. He also claimed, with some justification, that he commanded the longest ship in the world, one whose bow lay in Bath, Maine, and whose stern was some 400 miles distant, in Chester, Pennsylvania.

Manhattan set forth from the Delaware Capes, in one piece, on August 25th. After a brief call at Halifax, a courtesy to Canada, and a visit to Thule, Greenland, the ship entered Parry Channel on September 2nd. She reached Point Barrow in Alaska on September 20 to complete the passage. The next day she was eastbound, and after a month's testing in Viscount Melville Sound she entered Halifax harbour on November 8 to honour her Canadian icebreaker escort. And on November 12th she reached New York to mark the end of her voyage. In all she steamed nearly 12,000 miles in 80 days and made history in the process. The whole thing cost Humble Oil nearly 40 millions with Atlantic Richfield and BP putting up 2 million apiece. Canadians can take pleasure in the knowledge that, without the help of the *Macdonald,* the *Manhattan* would never have made it. It's true. What is also true is that the *Macdonald* would never have made it without the tanker to blast a track through the really heavy ice. So Americans, too, can take pleasure. It was a classic example of teamwork.

Altogether the *Manhattan* became stopped by ice on

25 occasions, requiring assistance from an icebreaker to free her by loosening the accumulated ice around her stern and quarters. But, and I am bound to emphasize, on many occasions the tanker sought the worst ice conditions for test purposes and in the process quite intentionally got herself stuck. These were planned forays, not misadventures, though this may irk those who, for secret reasons of their own, wanted the project to fail.

Achievement of the Northwest Passage as such was incidental to Humble's purpose. But this more than anything else was what caught the public's imagination. *Manhattan* was, and is, a test vehicle. The object of the exercise was to carry out tests in Arctic ice to achieve a figure of merit for her in various types of ice. The data thus obtained will be extrapolated to provide the characteristics of the ultimate tanker for the trade capable of defeating the ice. Whether or not *Manhattan* got into difficulties, by accident or design, was otherwise not meaningful.

For what its worth, I would expect the ultimate tanker intended for the transportation of oil through the Passage to displace approximately 340,000 tons, be 1,200 feet long, draw 85 feet of water and generate something like 100,000 shaft horsepower on three screws. Quite a vessel.

Much has been made of the fact that *Manhattan* did not fly the Canadian flag during her voyage. Here was another instance where a splendid blend of emotion and ignorance affected some people whose patriotism outstripped their knowledge of ships and the sea. I received a telegram onboard the tanker from a politician asking me to fly the Canadian flag while the ship was in, quote "Canadian Arctic waters" unquote – whatever that may mean. This telegram went on to tell me that we had enough flag trouble without American interference. Politicians surely have an obligation to instruct themselves thoroughly on matters which catch their interest and which they intend to air. Foreign ships are under no obligation to fly a Canadian flag and the fact they do so when entering, or leaving, or while in a Canadian port is purely a matter of custom and courtesy. It is a well established custom but there is no binding requirement to do so. The only occasions when *Manhattan* flew our flag was when she lay off Sachs Harbour on Banks Island and at that she was five miles off the beach because of her great draft.

Incidentally this prompted a plaintive message from the Eskimo mayor of that little community to the effect that he had a very good harbour available for our use if we wanted. Captain Steward sent back a message that he had to stay where he was because "his kyack was bigger than their kyacks." Some kyack!

Manhattan and the *Macdonald* were an unbeatable team. Canadians can derive great satisfaction from the knowledge that our icebreakers were and are held in the very highest regard by Humble Oil and all the people in the tanker. From the moment when Captain Fournier of the "*Johnnie Mac*", as they called her, took station ahead of the northbound tanker off Frobisher Bay late in August, until the ships parted in Halifax in November, the two were inseparable. The skill and professionalism demonstrated by Fournier, and also Captain Dufour of the *Louis St. Laurent*, won the ungrudging admiration of all. As a Canadian on the bridge of the *Manhattan*, I bathed in the reflected glory of their achievements and I confess I enjoyed it immensely.

I turn now to the question of ice damage to the *Manhattan*. There was a deceitful little piece in the papers after her return to New York that she had damaged plating, the fact of which had been deliberately suppressed. Why would anyone want to put about such a story? It wasn't until the tanker was southbound in Baffin Bay, and deballasting so she could get into Halifax that it was discovered there was something amiss. No matter how hard the ship's pumps worked they couldn't lower the water in one of the wing tanks below sea level. Obviously there was a hole and they were engaged in the task of circulating Baffin Bay through the ship's pumps. A fruitless exercise. Later, when divers went down in Halifax it was found there was a hole big enough, as the Master put it, to drive a truck through. It was unfair to suggest a conspiracy of concealment for there was none.

There was no chance of an oil spill for the ship was ballasted with salt water. Of her 45 tanks 39 were so filled. The remainder, all of them centreline tanks as far aft as possible (about 700 feet from the bow), were immune from damage. They held about 175,000 barrels of various fuels for her use and her Canadian and American icebreakers.

This brings me to the question of oil pollution in the Arctic which is of growing concern to many people. It is my contention that the inevitability of such a thing happening there has been exaggerated. To operate effectively in the north on a year-round basis tankers will have to be built to very high standards of strength and quality. I should like to emphasize that *Manhattan*'s underwater damage last year was in the original mild steel portion of her hull. But her ice-strengthened features were of high tensile steel and were as new when she returned. There will, therefore, be no risk of such ships being torn open or otherwise damaged by sea ice. How much more assertive can one be?

There are those who raise the matter of the *Torrey Canyon* (and another similar grounding of more recent date to which I will advert presently) concluding that a similar event in the Arctic would be irretrievable. But it isn't so. In the case of the *Torrey Canyon* she lay exposed to the whole sweep of the North Atlantic and it was heavy seas which broke up that stricken ship distributing her cargo into the water. In the Arctic, on the other hand, the damping effect of the surrounding sea ice ensures calm conditions no matter how boisterous the winds. Even supposing an accident did happen, the resulting spill would, therefore, be confined to the initial impact. But, you might think, such winds could drive pack ice onto a grounded ship and produce the same result. The possibility is there. I don't deny it. But in my view insistence on much more than "run of the mill" professional competence from ship's officers, plus much heavier construction with high quality steel will reduce the possibility of an accident and very much lessen the consequences of one in the unfortunate event. Because of the *Arrow* are we going to ban all tanker traffic into the Canso area? Of course not. But certain steps will have to be taken to prevent a recurrence both there and elsewhere. For Arctic service we will require much higher standards than have ever been considered anywhere else up to the present.

There is an aspect of Arctic pollution which hitherto has escaped notice. I refer to the matter of refuse disposal from ships operating in those waters. This is a situation which does not seem to pertain to temperate zones where that great eradicator, the sea, manages to absorb much of this material. But not all. The quantity of garbage, in the form of cartons, boxes, cans, bottles, plastic containers and so forth, which gets chucked into the sea from all ships up there is substantial though, I suppose, in the absolute sense it's really not that significant. All this stuff ought to be incinerated. Failing this, it should be dealt with so as to sink or be set aside for subsequent disposal down south. It bears thinking about.

Sovereignty is another matter which, in my view, is overemphasized. I don't really think this is an issue which is of much concern or interest to foreigners right now. Not long ago a suggestion came out of the foyer of the Peace Tower in Ottawa that *Manhattan* should not be permitted to enter the Canadian Arctic on a spring test voyage which Humble may undertake. This sort of a proposal is a disservice to Canadian Arctic development. To complete the data needed to decide whether big ships can indeed operate year-round, Humble must find ice that is level, of uniform consistency against which ship performance can be accurately measured. Last year's test did not meet such conditions. There is an area in the eastern Arctic where such ideal conditions exist. It so happens that particular location also gives access to the loading site for the proposed Mary River iron ore development in north Baffin. The performance of *Manhattan* in that ice will have a very significant effect on future plans for that project. This, then, is a matter of more than usual importance to Canadians. There are others. The suggestion that the tanker be denied access is, therefore, baffling. The statement last week by our Minister for External Affairs, Mr. Sharp, in the Commons that M.P.'s should welcome "and not protest" another probe by *Manhattan* into the Arctic next month was timely and one which I applaud.

I would suggest that anyone who is interested in this matter of Arctic sovereignty might profit from a study of a map of our northern regions. Parry Channel is revealed as a great icy way stretching 800 miles from Baffin Bay in the east to M'Clure Strait in the west. At its eastern entrance it is 50 miles wide and is 90 miles wide at its western extremity. Truly a waterway joining one sea to another, Baffin Bay to the Beaufort Sea. The islands which lie to the north of it are unquestionably Canadian. So are the land masses to the south. But it is a channel – albeit ice choked much of the time. Because of this there is a difference which makes this route rather special. A ship caught and held, even for a short time, by pack ice could be carried by wind and current into territorial waters. Icebreakers would be needed in these and other circumstances. This is where Canada should demonstrate visible and meaningful evidence of her national interest by building and stationing large powerful icebreakers there. Existing icebreakers are not big enough for these tasks. They would be able to assist ships in difficulty and patrol the route to ensure observance of whatever regulations Government sees fit to lay down.

Except for stress of wind and current already referred to the only location where foreign ships would truly enter Canadian territorial waters would be if they diverted down Prince of Wales Strait where, in the vicinity of Princess

Royal Islands, they must pass within the three mile limit. But so what? Merchant ships of foreign countries, bound on their peaceful and legitimate business, have the right of innocent passage, without prior notification, through the territorial waters of another state. As Mr. Sharp said, we should welcome this developing situation.

Those who propound nuclear-propelled cargo-carrying submarines for the Northern Passage have been upstaged by the appearance of giant bulk carriers. The former are too expensive and pose too many operational problems to merit consideration at this time. The best way to defeat ice is to fly over it or swim beneath it. But the only way to move heavy tonnages is through it and bigger and more powerful *Manhattans* will do this.

Everyone is indignant, and quite rightly so too, over the grounding of that Liberian tanker *Arrow* on Cerberus Rock, named after a ship called that wrecked there in 1783. *Cerberus*, in Greek mythology, was a dog with three heads and the tail of a serpent who guarded the entrance to Hades. Certainly this recent accident is a hellish situation with oil spilling out in all directions. But before we get too excited and start hounding the oil companies we would do well to remember, like it or not, that the cheapest way to move bulk cargoes of oil is by tanker. We're going to have to live in the shadow of that fact. The point I wish to make is that in modern times, with well-found vessels and every imaginable navigational aid, ships still pile into rocks. Why? The answer is simple – almost always because of professional incompetence or error of judgment on their bridges. This certainly was the case with the *Torrey Canyon*. I wouldn't presume to offer an opinion on the *Arrow*. But I'm mighty curious. Surely the time has come when we might query the competence of bridge personnel in ships entering our waters, especially those carrying dangerous cargoes. Ships under "Flags of Convenience" might come under even closer scrutiny for, in some cases, if ability can be related to remuneration, the standards there may be revealing when compared to ships of, say U.S. registration. When a ship runs aground the public, the ever patient public, seems to accept the fact of grounding as inevitable and spends much energy fretting about the messy aftermath. Not only is there the mess to clean up but I reckon there should be demands to know how such a thing happened, why it happened and who was responsible. There are other questions that could be asked but that's a start.

It seems to me that Canada should take the lead in requiring the very best in ships and men destined for Arctic commerce. A degree of co-operation and co-ordination with the U.S. is indicated here. I have Alaska in mind of course. Surely such steps are reasonable if tankers and ore carriers expect to get assistance from our icebreakers, the use of our navigational aids and data from our ice reconnaissance aircraft. As for pollution control, this too calls for consideration but I really don't think its inevitability is so certain as its being made out to be.

Canadian Arctic resource development got a free ride on the coat-tails of the U.S. oil industry – let's not overlook that. Yet it is Canada that will ultimately benefit most from last year's trail blazing achievement. The example of that Mary River iron ore project is one I've already mentioned. There are others and there will be more. After all these years it was a group of aggressive Texans that proved the Northwest Passage is not invincible to commercial ships.

A lot of key decisions affecting Arctic development must be made in the coming months and years. Let's hope that in Canada "dog in the manger" attitudes on matters such as sovereignty will give way to a bolder spirit which those who went before bequeathed us. And anyway, in my view, the dog doesn't even own the manger. Not all of it.

Captain Pullen was thanked on behalf of The Empire Club by Mr. D. H. W. Bath.

FEBRUARY 19, 1970

The Politics of Quebec – Today and Tomorrow

AN ADDRESS BY Mr. Claude Ryan,
PUBLISHER, *Le Devoir*

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

On January 10th, 1910, the first issue of *Le Devoir* made its appearance on the streets of Montreal. Today it ranks as one of our leading vehicles of informed opinion. It was once said of *The Times* of London that "the history of *The Times* is the history of the times". Equally, it might be said that the history of *Le Devoir* is the history of sixty eventful years in the life of the Province of Quebec.

The quality of a newspaper is determined, ultimately, by the professional standards of its writers. The integrity of its views must be the responsibility of its editors. The strength of its purpose reflects the determination of its publisher. In the case of *Le Devoir*, its quality, its integrity, and its purpose reflect, in large measure, the contribution of our guest today, the distinguished publisher, Claude Ryan.

We extend to you, Sir, our congratulations on your "diamond jubilee". Like a diamond, we trust that your newspaper will continue to be rare in its distinction, hard in its cut and thrust, sparkling in its prose and commentary, and forever a symbol of the continuing engagement between the French-speaking and English-speaking people of Canada.

Claude Ryan is a Montrealer by birth and education, having studied social work at the School of Social Service in the University of Montreal. He made a brief pilgrimage to Rome and a departure from the world of secular affairs to study Church History at the Gregorian University in 1951-52.

His entry to the public scene in the Province of Quebec began with his appointment as National Secretary of L'Action Catholique Canadienne, a position he occupied through the stormy, post-war Duplessis era and until 1962. He then played an important part in the secularization of education in Quebec when he served as Chairman of a Study Group on Adult Education, commissioned by the Department of Youth in the Government of Quebec. This was during the years 1962 and 1963, when the Lesage Government was undertaking the not-so-quiet conversion of the Department of Youth into a Department of Education.

Trading social action for journalistic persuasion, he joined *Le Devoir* as an editorial writer in June 1962, becoming Acting Manager and member of a three-man Editorial Board in 1963. He reached the peak within a short space of time, when he was appointed Publisher of *Le Devoir* and General Manager of L'Imprimerie Populaire Limitée, in May 1964. Before the heart and core of Toronto began to be transformed, it had been said that, in Montreal, you went up the mountain to admire the view, while in Toronto you went down in the subway to avoid it. Whether or not it is your practice to climb Montreal mountain, Sir, you have certainly scaled the heights of the newspaper world.

Were Mr. Ryan not well known for his modesty, I would tell you of his numerous forms of public recognition, such as:

- the National Newspaper Award for editorial writing in 1964;
- the National Press Club Award in February 1965;
- the Canadian Council of Christians and Jews, Human Relations Award in 1966;
- membership in the Canadian News Hall of Fame, in 1968;
- the Jewish Labour Committee of Canada, Human Rights Award in 1969.

However, to spare his embarrassment, I will not tell you of those things.

Monsieur Ryan, il y a très peu de gens qui croient pas seulement à la valeur de notre double héritage, mais qui besognent constamment pour sa préservation et son épanouissement. Quant à nous autres, nous sommes très reconnaissants que ceux sont capables de faire ces efforts portent un fardeau extrêmement lourd. C'est très évident, Monsieur, que vous vous comptez parmi ce petit nombre.

Sir, there are a small number of Canadians who are not only fully bilingual, but also truly bicultural. There are a relatively small number who not only believe in the intrinsic worth of our dual heritage, but also strive for its preservation and fulfilment. Those who do carry heavy burdens and we are all indebted to them. You, Sir, are one of those people. For that reason, above all others, we welcome you today, we thank you for your continuing concern for national unity, and we invite you to discuss with us "The Politics of Quebec – Today and Tomorrow".

MR. RYAN:

Mr. Chairman, I should first like to express my thankful appreciation for the kind invitation which you have extended to me.

I had long known Mr. Ian Macdonald to be a competent economist and a dedicated Ontarian who likes to appear relaxed and detached when he has to deal with dangerous Quebeckers like the Parizeaus, the Levesques and the Ottawa bureaucrats. I was glad to find out recently that Mr. Macdonald's serenity and apparent detachment may owe something to his affiliation with a club whose very name should remind us that the greatest human creations are, after all, mortal.

Your President has invited me to discuss the politics of Quebec – today and tomorrow. He aptly selected, as you no doubt realized, a topic which lends itself to any kind of treatment. And he had to do it for me because, as the good journalist that I hope to be, the very last thing which I want to append to any written piece of mine is a title. And it always comes at the very last moment, often to the despair of the printer.

To be true to this old practice of mine, which often infuriates luncheon convenors, I have decided to modify the title somewhat and to speak more specifically about what I would call some unwritten laws of Quebec's politics.

It has long been the custom for Quebec speakers addressing English-Canadian audiences outside of Quebec in the last ten years to try and interpret to their listeners the so-called new aspirations of their province. So many unforeseen developments had occurred in Quebec that we felt the need to interpret to Canadians in other provinces the significance of these changes in terms of the Quebeckers' view of their own future.

This job has been well-enough done, I believe. The rest of Canada now knows. If it does not approve of a lot, it knows a lot better about the aspirations of Quebec.

It is perhaps time, Mr. Chairman, that we should take leave of the lofty and somewhat voluntarist approach of the last decade and start again to discuss the Quebec "problem" in a more factual and detached style. Such is the mood in which I have prepared the observations which follow.

1970 will be, as Mr. Bertrand keeps reminding us (without giving any further precision), an election year in the Province of Quebec. So the question naturally arises – who is going to win that election?

I should like to be a prophet. I should like to be able to predict with any authority the outcome of that vital election. But I dare not venture too far in this direction. It is rather easy at a leadership convention to predict who is going to emerge as the winner, because you have contacts with the delegates, you have a limited constituency to explore; and, if you are a good journalist with widespread contacts, you can end up with a rather good batting average. When it comes to general elections so many mysterious factors are at work that you have to be a little more careful.

I would not, then, take the risk of inflicting upon you this kind of superficial approach. I would not run the risk of being reminded of any stupid prediction in *The Globe and Mail* or *The Toronto Star* next summer.

I shall, rather, try, with your permission, to describe some vital though unwritten laws which seem to govern the politics of Quebec. These laws are not to be found in any text book. Not every observer of the Quebec scene will accept them. They are intangible. They are not eternal.

I knew rather little about them before I joined that great school of political education that *Le Devoir* has always been, not only for its readers but also for its editors. But they seem to me to be more lasting, more important in their consequences, than the mere mention of so-called statistical scientific data which more often than not leads to no clear conclusions.

When I joined *Le Devoir* in 1962 Mr. Fillion, the then publisher of the paper, told me that they had only one reservation about their new editorial writer and that I probably had in turn one reservation about the leadership of *Le Devoir*. "You probably feel," said Mr. Fillion, "that we are too nationalistically inclined. We feel in turn that you are not enough of a nationalist to be a fully reliable associate editor." And he concluded wisely, "Let us hope that the cross-fertilization of the two approaches may help produce something better in the years ahead."

The first thing I have learned in my job is that provincial politics are far more vital to Quebeckers than they are to Canadians residing in other provinces. The people of New Brunswick, Ontario and Alberta are deeply attached to their respective provinces. But they all agree that they have one national government located in Ottawa and that the latter must be considered as the senior, more important government.

I was reading in the Toronto papers yesterday about Mr. Robarts hinting that after all the troubles he has had recently with it, he might as well turn medicare over to the federal government. Such words would be sheer political heresy in Quebec, even if they were meant as a joke.

The last one hundred years have taught Quebeckers that the Government of Quebec is the only one that they can hope to control in any stable and unequivocal way. It is the only one which they have been able to mould in line with their temperament and natural inclinations. It is the only one which they can trust one hundred per cent to defend their fundamental cultural interests in times of acute crisis and misunderstanding.

The late Daniel Johnson used to say that Quebec is the national home of French-Canadians and that the Government of Quebec must be considered in consequence as the national government of the French-Canadian people.

There was some exaggeration, some rhetorical exaggeration, in that statement. But I wish you to believe that it appealed to a deeply-rooted dimension of the French-Canadian political consciousness and that Mr. Johnson never encountered any serious trouble in Quebec for having made it.

The heart of the average French-Canadian Quebecker is naturally oriented towards Quebec. It is his reason that has kept attracting him in the direction of Ottawa. This helps us understand that the political phenomena which we have observed in the last decade, in particular the emergence of political separatism in the Province of Quebec, have deeper roots in the political psychology of Quebeckers than has, for instance, the separatism that has emerged of late in the western provinces.

I used to say before I joined *Le Devoir* that political separatism was as remote from the French Canadian mentality as the thought of an eventual reunion with France. I would now qualify this statement by saying that French-Canadians for practical reasons would not now opt for separation but that they would probably refuse to close the door to that option for the future.

The Prime Minister of Quebec is in a very real sense the grass-roots leader of French-Canadians in the political arena. French-Canadians will admire and support the one among them who has enough stature to be sought and accepted as Prime Minister of the whole of Canada.

But they also remember when they study history the rather bitter ending of two previous experiences of the same nature. And I would gamble that, barring grave international circumstances which would momentarily supersede domestic considerations, they would, in the eventuality of an open conflict between Quebec and Ottawa, give their natural preference to the leadership offered to them by the Prime Minister of Quebec.

This explains the vital importance which Quebeckers attach to their provincial politics. For many of them provincial politics is the only politics which they understand and love. It is the only politics which makes them feel completely and irrevocably involved.

I can find no better proof of this assertion than in the virtual inability of the federal parties to generate in Quebec the kind of lively debate and normal opposition that go with the parliamentary system at its best.

We have in the provincial field two equally strong major parties and even a couple of somewhat embarrassing third parties. We have had only one party, except for two brief interludes, in the federal field, since the beginning of Laurier's rule back in 1896.

That should be a matter for reflection. It is not accidental that things should have developed that way. It is because there is something deeply-rooted in the mentality of the people.

An important corollary immediately derives from the first observation. Quebeckers, when they go to the polls, are mindful, like voters in all parts of the world, about taxes, economic development, social services, and the quality of education. But they also look with great attention to the ability of each party leader to stand up to the Ottawa Government in defence of the so-called prerogatives of Quebec.

Under the late Maurice Duplessis this unwritten law of our politics had been given a rather negative interpretation. Duplessis was a staunch defender of Quebec's autonomy against what he called the "encroachments of Ottawa." It was Mr. Lesage's great contribution to have given this concept a dynamic meaning, and to have turned it into an instrument for gaining important concessions from Ottawa and for implementing key reforms at home.

I don't know what role this law will play in the forthcoming election, but as things now stand, Mr. Bourassa, the new Liberal Leader, will enter the battle with a major handicap to surmount, because of all the things that have been said about the so-called preference that Ottawa had shown in his favour, whether this be true or not.

Need I underline also that this concept of autonomy interpreted in a dynamic way, if pursued as an end in itself, can only lead to the logical conclusion which men like Levesque and Parizeau have espoused? The responsibility of Quebec's leaders at this juncture is particularly great. They are playing with dynamite all the time. And I am afraid that there is no escape from this game except in the positive recognition of the forces which are at work in their people, and in a deliberate effort on their part to bring the people to a higher and more exacting vision of their future than that which is conveyed by narrow nationalism.

Another aspect of Quebec's politics is the great importance which French-Canadian voters attach to the personalities of the leaders. The most successful men of the last 25 years in Quebec's political life have been Maurice Duplessis, Jean Lesage, Daniel Johnson, Jean Drapeau, Lucien Saulnier and Pierre Elliott Trudeau.

You will easily grant that each of those men had a strong personality. But each was also, in his own way, a moderate; that is to say, a man with no rigidly pre-conceived dogmas as to how problems should be solved.

In Trudeau's case, for instance, I can say that thousands of voters who would have disapproved of many of his statements and attitudes if they had come from a different leader were swayed to his cause by his overwhelming personality.

This factor makes the next provincial election a particularly intriguing one. Of the three leaders who will be facing the voters the only one who has a strong, established personality in the eyes of the public is Rene Levesque. Both Messrs. Bertrand and Bourassa have yet to assert themselves in this respect. They are both respected men. But they have not yet established themselves in the minds of the people as strong men who can lead in difficult moments.

In Mr. Levesque's case his basic political option will most probably work against him, because the people also expect of their leader that in addition to being personally strong he should represent a position which is closer to a balanced view of reality than the one which is presented at the moment by Mr. Levesque and his supporters.

But this makes the next election an extremely intriguing one because the interplay of the leading personalities remains very undecided, very unclear at the moment.

How about the ethnic and the class factors in Quebec's politics? I should like to submit a couple of observations in this respect.

The National Union Party gained power in 1966 with only 41% of the total vote. The Liberals, with 47% of the vote, had obtained (I wonder if you made this observation) the same measure of popular support that Mr. Bennett got in British Columbia last August in his so-called "landslide victory", which gave him a huge majority in Parliament. He got exactly 47-48% of the total vote – the same proportion Mr. Lesage did in the Province of Quebec. But in Quebec Mr. Johnson's party was returned to power with a slim majority in the House.

To a journalist who was asking him a question about this, the late Daniel Johnson made this significant reply: "It is true that the English and the Jews voted overwhelmingly for the Liberals; but my Party won a solid majority with the French-Canadian voters."

This factor contributed to give the Johnson Government a moral legitimacy which escaped the attention of superficial observers.

The truth is, Mr. Chairman, that English-speaking voters behave in provincial elections in Quebec almost exactly like their French-speaking counterparts do in federal elections; with the only qualification that the impact of their votes is far less preponderant in determining the results of Quebec's elections than it has been for a couple of generations in helping determine the results of federal elections.

Both Messrs. Johnson and Bertrand have made great efforts in the last four years to help bridge this gulf. But their success so far has been extremely limited.

According to the dicta of political science the working class in Quebec should support a left-oriented party and the middle class vote ought to go to the party leaning more to the right. In Quebec you have exactly the opposite. The working people, both in the rural and the urban areas, have a definite preference for the National Union Party. The professional and managerial people are strong supporters of the Liberals.

In the next election the Liberals will lose a certain proportion of this support to Levesque's party because a large segment of the student body and the important new intellectual class will support Le Parti Québecois, while they supported the Liberals in 1960 and in 1962. An indefinable proportion of the working people may be tempted to shift their allegiance to the Creditistes of Réal Caouette. And this would be a loss for the National Union.

This brings us to an additional factor: the role of third parties in Quebec elections. Before 1948 and 1962 five general elections were fought in Quebec on a straight two party basis. But we had examples in 1944 and 1966 of third parties competing with the old-line parties.

In 1944 – remember the Liberals were in power during the War years – we had an election. In that election Le Block Populaire Canadienne, the Creditistes and the CCF Party gained together nearly 25% of the total vote and landed with about five seats in the House.

This allowed Maurice Duplessis' party to get into power again with only 38% of the vote and a little more than 50% of the seats in the House.

In 1966 two separatist parties were in the race, Le Rassemblement pour L'Independence Nationale and le Ralliement Nationale.

Together these two parties got about 12% of the vote, but the RIN – that was Bourgault's party – whose strength was largely concentrated in the urban areas was very probably instrumental in causing the defeat of at least ten Liberal candidates.

Mr. Lesage had dismissed Bourgault's party as a nonentity a few weeks before the election. He was given four painful years in which to swallow back these presumptuous words which he had uttered during the electoral campaign.

On the basis of these facts it becomes extremely difficult to predict what will happen next time. My own personal hunch is that we might end up with a result somewhat similar in terms of votes given to each party to the result of 1944.

It is very plausible that with a strong leader like Levesque at the head of the "sovereignist" party, the voting age having been lowered to eighteen years, with the widely-spread discontent in connection with economic uneasiness and unemployment – it is very plausible that Le Parti Québecois should show respectable strength and that the Creditistes should succeed in mobilizing their thousands of votes for their own candidates.

But it would be foolish and unrealistic at this stage to try and predict what this will give in terms of seats in the National Assembly of Quebec. Representation in the House, as you know, is still strongly weighted in favour of the rural areas and in favour of the traditional parties. This helps create a more confused situation.

In only one Quebec election since over thirty-five years has the impact of federal leaders been directly felt. That was in 1939 when the financial interests of Montreal made an alliance with the federal Liberals in order to get rid of Duplessis. The provincial Liberals had to pay dearly for that artificial triumph which brought Godbout to power in 1939. And they were left in the wilderness of opposition for sixteen years, between 1944 and 1960, in order that they should learn that law of Quebec's politics that they had forgotten.

They learned during those years that they cannot hope to win the confidence of the Quebec voters in the provincial field unless they can come up with a programme and a leadership that are solidly and predominantly Quebec in their orientation.

Nothing points at the moment to any direct intervention on the part of the federal Liberals in the forthcoming election. Mr. Trudeau has stated several times that he would not hesitate to step into the picture if he felt that separatism had become a central and threatening issue during the campaign. He apparently feels for the moment that the two leading parties do not pose such a problem and that Mr. Levesque's party has very little chance of making serious inroads with the Quebec voters in the next election.

This may be taken to mean that the next election might not be, after all, as decisive as some people have suggested. It might mean that the unwritten laws which have just been evoked may continue to dominate Quebec's politics for at least another decade.

Mr. Ryan was thanked on behalf of The Empire Club by Mr. J. G. Wasteneys.

FEBRUARY 26, 1970

Canada – Today and Tomorrow

AN ADDRESS BY Sir Val Duncan, O.B.E.,
CHAIRMAN AND CHIEF EXECUTIVE, THE RIO TINTO-ZINC CORPORATION LIMITED; CHAIRMAN, CHURCHILL FALLS (LABRADOR) CORPORATION LIMITED; AND CHAIRMAN, RIO ALGOM MINES LIMITED

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

Not often is the Empire Club privileged to receive a British businessman and public figure of the reputation of Sir Val Duncan; even more rarely is such a person one whose heart and enterprise is so deeply committed to Canada. Sir, we welcome you most warmly to our meeting today.

Sir Val Duncan was educated at Harrow and Oxford, a combination which undoubtedly foretold his later movements. Harrow was the school of Sir Winston Churchill, whereas Sir Val is now Chairman of Churchill Falls Corporation. Although the spires of Oxford are symbolic of an academic universe, Sir Val has subsequently scaled corporate heights which are equally imposing. Called to the English Bar in 1938, he was continuously engaged in the conduct of the war from 1939 to 1946. As a member of the Royal Engineers, he was twice awarded the American Legion of Merit, he had conferred on him the rank of Commander, Order of Orange of Nassau, by the Netherlands, and was honoured with an O.B.E. by his own country.

The twin paths of public service and business leadership began their dual appeal after the war when he was appointed as Assistant Secretary of the German and Austrian Control Office in 1946 and 1947. The early experience of the National Coal Board surely constitutes one of the great adventures in post-war reconstruction; the significance of that public corporation was such that it attracted men of great talent and responsibility. Among them was Sir Val Duncan, who served as Assistant Director for Marketing.

It was in 1948 that he began his long and fruitful association with the RTZ Companies, as they are known, joining the old Rio Tinto Company as commercial manager. He was responsible for one of the most significant chapters in the history of that Company, in 1954, by conducting the negotiations for the sale of the Rio Tinto mines to the Spanish Government. Following the merger of Rio Tinto and Consolidated Zinc Corporation in 1962, in which he played a major role, he became Managing Director of the new Rio Tinto-Zinc Corporation and, subsequently, Chairman and Chief Executive in 1964.

Although Director and Chairman of various companies in the U.K. and overseas, he has continued to respond to the siren song of public service. In January 1969, Sir Val was appointed a Director of the Bank of England. Earlier he had been Chairman of the Review Committee on Overseas Representation, which was charged by the Secretary of State for Foreign and Commonwealth Affairs with the responsibility of looking into all aspects of British representation overseas. If Sir Winston Churchill was obliged to preside over the liquidation of the British Empire, the Duncan Commission was asked to define the residual interest of the former principal shareholder in the post-imperial world. Yet, new empires have continued to emerge; perhaps, in a corporate sense, Rio Tinto-Zinc is one of them.

Last year, the tragic loss of Brinco senior management brought the name of Sir Val Duncan more vividly than ever to the Canadian business stage. Indeed, he came to Montreal to act as President of Brinco for six weeks because, in his words, "somebody had to. You can't operate with a board running the company."

We, Sir, are delighted that you also decided to accept an invitation from the Empire Club. A young visitor from overseas remarked to me last Sunday how odd he thought it was that, in this country of culture and achievement, so many Canadians still looked beyond their boundaries for inspiration. Apparently, this external reliance is not always reciprocated. For example, the *Globe and Mail* reported recently:

> "On returning to the House of Commons on Thursday, Prime Minister Wilson answered four main and 13 supplementary questions about his business in North America. The exchange occupied nearly seven columns of the Hansard report. There was neither a single word of curiosity from the members, nor a single word of voluntary comment from the Prime Minister, about his stopover in Ottawa."

Certainly, there can be no doubt that Sir Val Duncan is possessed of great curiosity and considerable concern about Canada; more important, he is making a great contribution to this country. The impact of Canada on the world economy is, in large measure, the product of our extensive resources and gigantic reserves of power. It is only fitting and proper, then, that you, Sir, should chose to speak on "Canada – Today and Tomorrow", for your business activities are both resourceful and powerful. For those reasons, we anticipate your remarks with the greatest interest.

SIR VAL DUNCAN:

When the Empire Club did me the honour of inviting me to speak, my first instinct was to talk only about the development of Canadian natural resources. On reflection, however, it seemed that though natural resources form an extremely important segment of Canada's economy, the future is really bound up with wider issues and I therefore chose the present title of "Canada – Today and Tomorrow."

As you may know, I have paid more than a hundred visits to Canada and have lately had the privilege of serving for a short time as Chief Executive of Brinco and Churchill Falls in Montreal in the interregnum between the tragic death of Donald McParland and our other colleagues and friends involved in the Labrador air accident in November, and the taking up of the reins as President and Chief Executive by William Mulholland. My visits to the great city of Toronto have been even more frequent over many years than to your sister city, Montreal, and as a non-resident I have a reasonable acquaintance with your country from St. John's to Vancouver; therefore if I speak candidly today about some of Canada's problems as I see them you will, I hope, take them from a man who has a sincere affection for, and faith in, Canada.

Moreover, judged by the fact that the British High Commission in Ottawa issues over 16,000 British passports a year, it will be self-evident that a lot of my fellow-countrymen have found Canada a pretty good country in which to live and bring up their children. For these figures are over and above the vast number who have already sought and obtained Canadian citizenship since the Second World War.

It has always struck me as strange that with the magnificent communications which are now available to us in the world there are so many English-speaking people who are still comparatively ignorant about your country, as is evidenced by someone from south of the border who, when motoring through Toronto one day, hailed one of my colleagues from his car and said: "Say, Bud, I want to reach Calgary tonight. Which road do I take?" And yet again, quite strangely to me, so many of you, when visiting Europe, are mistaken for citizens of that great country to your south. Of course there are many similarities between Canada and the United States. To me the most striking one is your broadness of thinking; for one feels in both countries that there are no real frontiers to man's achievements. This mentality has produced the most startling progress and what has been done in Canada with around 20 million people has been quite staggering.

So much of this depends upon leaders; and one thinks quite naturally of the great record of Sir John A. Macdonald, of the unification of the country and the building of the railways from coast to coast a hundred years ago. One thinks, too, of the tremendous subsequent achievements of such great men as C. D. Howe who, through the Mackenzie King and St. Laurent administrations, made such a powerful contribution both in war and peace to the building of the nation's economy. One can but be grateful that those who have had the vision, energy and strength in their time have given you the opportunity today to weld together the two great cultural streams of English and French which make up this nation.

And so perhaps we can take stock today of this young and virile nation, of its problems and challenges and perhaps peer a little into the future.

When assessing the situation in the past one has tended to divide this subject, amongst other things, into politics and economics, as if there were a clear line of demarcation between the two. This surely is no longer valid, for economics is the very stuff of politics. Therefore, when we are talking about the future of Canada, one cannot separate what goes on in Ottawa and in the provincial legislative assemblies from what takes place in the industrial and commercial life of the national – in particular, if you like, from what happens within a radius of 100 miles from where we sit, in which area I understand that 60 cents in every dollar which Canada earns is produced. And so you gentlemen here today have a vital interest in what takes place in Ottawa. You produce the wealth; Ottawa re-distributes it. Fair enough, but you cannot be uninterested, nor can any other wealth producers in the nation, in the policy of re-distribution. And here, of course, I refer to the recent White Paper on taxation.

One of the principal reasons why my company was attracted to making a contribution to the development of Canadian natural resources was the coincidence of a stable political system and of an enlightened fiscal outlook. In the outside world I have always held up Canada as one amongst rather few shining examples of a country whose basic wealth has been built up by a long-term and consistent policy of attracting capital investment from external sources, without which Canada today would look distinctly different and in a far less advanced state of development than it has in fact reached.

We as a company entered Canada and Canadianized in the early 1950's with great enthusiasm, and had the privilege of taking part, for example, in your great uranium developments in the last decade. It was enthusiasm for the enlightened policy of Government, not only in Newfoundland but also in Ottawa, which started us off as founder members of Brinco in 1952, and the same enthusiasm which has kept us going over the years to a point where, in 1972 – some 20 years later – power will first flow from the great Churchill Falls development. I doubt whether there are too many corporations who are prepared to take a 20-year view before the commencing of production of a single project. But our faith in Canada has sustained us through considerable trials and tribulations, in the confidence that Canadian national policy was consistent and long-term, like our own thinking, and that the ground rules would not be changed materially to our disadvantage. I don't believe that Ottawa has any intention of breaking faith with those who have placed long-term confidence in this nation on the basis of a fair deal, and I still have faith in the democratic process in the sense that when imperfections and inequities in proposed legislation have been highlighted, they will be redressed in due course in any legislation placed before the House for enactment.

You will not expect me to go into details on the proposed White Paper, but I do represent a corporation which is making a material contribution to the development of natural resources in other countries in the world as well as Canada, and from my experience on a worldwide basis of those factors which get natural resources developed and what leaves them undeveloped, I feel I must comment on this matter.

The mineral industry alone accounts for 25% of Canada's exports and is the largest earner of foreign exchange. Over 60% of these exports go to the United States, and since 70% of all Canadian imports come from that source it is not difficult to see the over-riding importance of maintaining and increasing mineral exports to the United States to pay for the imports. The White Paper, in effect, says that the extractive industries are too lightly taxed and proposes to rearrange matters so that a greater burden of tax falls on this type of business.

Now I am by nature in favour of innovation and do not consider that any new tax proposals, however sweeping, should be opposed without a most careful and constructive examination of the proposals. It could be true that these industries that I have referred to above are too lightly taxed, and if it were then the law should be changed. I have looked at this matter in a world context, and I am sorry to say that I think the general thesis is wrong.

Let us start by saying that the world's crust is filled with riches and that modern techniques of exploration are revealing these riches with breath-taking rapidity. There is, in my view, no country in the world whose single mineral resources are so vital to world industry that they could not, in due course, be replaced from somewhere else on this planet. If, for some reason, a country was unwise enough to make the development and mining of new resources unattractive, existing production would continue albeit on a less efficient scale, but mines are a wasting asset and for a mining industry to be efficient it is vital not only to replace the mineral assets removed year by year but also to expand them, if the standard of living of a country is to increase. This means that unless there is a buoyant climate for new exploration and development it is only a question of time – and not very long – before the industry starts to decline. Maybe some countries can afford this. Perhaps, for example, Japan could afford it, for its mineral wealth is insignificant compared with its fabulous capability in the industrial field and its consequent ability to buy raw materials at the going price for processing and re-export. This is, of course, not the situation in Canada, nor in my view will it ever be, since the substratum of the whole country is its natural resources.

In the world today every country is competing for capital. It will flow in the future, as it has in the past, to those countries where it can get the best return. In this connection I would pose the question: are you satisfied that the overall equation proposed in the White Paper will attract the capital to Canada? Are you satisfied that an American or an Englishman, a Frenchman or a Japanese will be attracted by the new proposals? Are you satisfied that an American corporation, for example, will feel that it has an equal and attractive deal overall as it has in its own country or, for instance, if it went to Australia? Are you satisfied that the Canadian investor will be encouraged to invest here rather than abroad, and in Canadian natural resource development rather than in other industries? If you are not satisfied on these matters then it is certain that investment in Canada will diminish and the natural resources of other countries will be opened up. It is as simple as that. The revolution in world transportation now enables iron ore to be delivered from Western Australia to Europe as cheaply as it can be done from Canada. I emphasize again: it is the overall equation that matters, not the details.

I refer to one other matter of some importance. At present when subsidiary companies get tax relief the Canadian holding company which has the shares enjoys similar relief. This has two advantages. It means that the Canadian holding company is able to plough back a proportion of its profits into Canada. It also means that the dividend policy of the subsidiary need not be distorted because of the necessity of decanting the whole of the dividend to the overseas company. This has always been regarded as good policy by enlightened overseas investors because it gives Canadian shareholders an opportunity to invest in companies where the majority shareholding is held overseas. The White Paper now proposes that the holding companies should no longer enjoy the tax reliefs afforded to the subsidiary company and should themselves pay tax. This would have the effect, however, of forcing the overseas investor to eliminate the holding company and encourage the 100% ownership of the operating subsidiary, which would deny Canadians the opportunity to invest in it; or if the operating company were not taken over completely, the Canadian investors would be at the mercy of whatever dividend policy best suited the overseas company. Surely, this would have to be regarded as a retrograde step.

To sum up this matter, I am candidly fearful that the present White Paper proposals will reduce that impetus of investment in your great natural resources, as well possibly as in other industries, which is a prerequisite of a buoyant and growing economy. If some re-thinking can be done to ensure the continuing attraction of your country to overseas investors, and to Canadian investors, then I believe that your revenues will continue to soar, giving you the tax yield you need without changing the incidence. One thing is clear: Ottawa has acted democratically and wisely in not springing these new tax proposals on the nation without time for debate. The nation is far from being strangled by the existing system and all of us would wish to be sure that anything new is better for Canada.

Looked at through the eyes of an overseas investor in Canada, it would hardly be fair if I were to spend some time, as I have already done, in trying to point out the sort of attitude from government which we would hope to encounter, if I did not at the same time point out the strong obligations for good corporate behaviour which are, in my view, incumbent on an overseas company investing in Canada or, for that matter, in any other country. The attitude of the overseas investor can be summed up in four points: –

> First, he should work as rapidly as he can towards ensuring that the citizens of Canada are associated with management to the maximum practicable extent.
>
> Secondly, he should work towards a high degree of local autonomy, including a majority of the local Board being composed of Canadian citizens.
>
> Thirdly, there should be a reasonable Canadian share participation when the major risk is taken out of any project. This of course requires a Canadian corporate structure. Such Canadian share participation might well connote a fair premium price as recognition of the risk taken by the original investor.
>
> Fourthly, he should be sensitive to the reasonable national aspirations of Canada. It is difficult to define in detail what one means under this heading, but one example might be to carry out a measure of mineral processing in Canada. In this connection I don't think it is necessarily reasonable or wise to insist in all circumstances on processing all mine output in Canada. As in the case of any business transaction, the requirements of the customer are paramount. If he needs the finished metal, this is what he purchases. If his requirement is metal concentrate, he will seek out and purchase from the supplier who can satisfy this need. In addition, we must accept the realities of sales arrangements which are frequently required to support massive loan capital

> needed to develop many of the modern, large, low-grade mines. These are simply the economic facts of international trade. Of course, this does not preclude increased processing of mine output in Canada; however, the degree of processing must be influenced by the needs of Canada's customers and potential customers.

I have spent a little time on the rights and obligations of overseas investors in Canada. To sum the whole matter up in five words, the philosophy I have been trying to impart is simply "a fair and lasting partnership".

I would now refer for a moment to some of Canada's other external problems, and indeed her contributions to this planet. It is, I think, becoming increasingly clear that the United Kingdom will join the European Common Market and that most of her EFTA partners will join with her. It is my belief also that this will be succeeded by a political unification of many of the countries of Western Europe, including Britain, and that we shall end up with a type of confederation and a unified Europe. It is not reasonable to suppose that Canada and the United States should for ever maintain a strong defence system in Western Europe and you have, in my view, quite rightly given notice that the present system should not last, and that Canada's contribution to defence in that part of the world should be confined to a NATO contribution based on North America. A unified Europe should in the long haul provide its own defence, harmonized with North America so that if the chips are down there will be mutual assistance. In my view a unified Europe, with a unified European currency, is a prime possibility, even within the next decade. However, the first step of an enlarged Common Market is a great deal more likely than not, and this will pose certain problems for Canada.

I believe that you will wish to establish processing industries within the European Common Market, thus valorizing more effectively your great mineral resources, which in crude form will be able to enter the Common Market free of tariff. Of course if your fiscal system becomes distorted, your mineral resources will become less important in the world scene, but I am assuming for the purpose of this argument that common sense prevails. I personally believe that after Britain has Europeanized, greater attention will be given in Canada to the attractions of a North American customs union. I don't mean political union, nor would it appear to be in the interests of Canada to join the United States even in an economic union at one step. But one feels that the automotive deal made some years ago will probably be extended to other industries on a progressive basis, just so fast and not faster than Canada can ensure that her own industries will not be placed at the mercy of United States industry, but just so fast also as it is attractive for the United States to come to this accord.

Many of you might worry about economic developments of the type I am envisaging, perhaps on the grounds that the identity of the nation might become submerged in your larger neighbour and that the undefended frontier might become no frontier at all. I personally don't see this happening, and if I may say so, I think candidly the main reason is because of the existence of the province of Quebec. The fascinating prospect of a growing bi-lingualism, at least in Eastern Canada, of the future achievements of French Canada which, in my view, will in due course reduce to negligible proportions the distinction between the "haves" and the "have nots" – all these factors will tend to mould a more and more distinct Canadian culture unhampered by some of the real problems evident today in the United States.

In conclusion, I believe the progressive realization that fundamentally mankind are all the same, and the progressive actuality in terms of human talents and performance which comes with this recognition, will increase the constructive influence of Canada in the Council of Nations as a great country without territorial ambitions. You have already made as large a contribution to the concept of the

United Nations as any other nation on earth, and I am sure Canada can look forward to a fine and prosperous future, the continuing esteem of other nations and an environment in which you will increasingly be proud to bring up your children and your grandchildren.

Sir Val Duncan was thanked on behalf of The Empire Club by Mr. Bruce J. Legge.

MARCH 5, 1970

Rehabilitation: Educational and International

AN ADDRESS BY Dr. Gustave Gingras,
S.M., M.D., LL.D., F.R.C.P.(C),
EXECUTIVE DIRECTOR, REHABILITATION
INSTITUTE OF MONTREAL

Ladies Day

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

There is surely no more distressing sight than a handicapped child, nor can there be an object of greater hope. In our adult perception, we tend to dwell on the child's limitations and shortcomings, while he, himself, wonders what opportunities await and what dreams may be fulfilled. Yet, hopes and dreams will not suffice without the aid of those possessed of that rare combination of faith and scientific inventiveness. Such people are few in number, but great in importance, and we are privileged to have one of them with us today in the person of Dr. Gustave Gingras.

Among his colleagues in the international community of rehabilitation medicine, Dr. Gingras is a man of immense stature. Among hundreds of humble people throughout the world, he is a symbol of hope. In our country, he is a model of the very best in bilingual accomplishment. Monsieur,

nous vous acceuillons au Club de l'Empire et à cette ville. Au même temps, nous vous remercions de l'honneur que vous nous conférez par l'acte de votre présence parmi nous aujourd'hui.

In terms of basic attitude to Canada, there are two breeds of Canadians: those who are defensive and self-critical and those who are proud and expansive. There can be no doubt where Dr. Gustave Gingras stands. Listen to the words with which he accepted, last year, the Albert Larker Award at the 11th World Congress of the International Society for Rehabilitation of the Disabled.

> "I owe this great honour to my country – Canada. I'll never be thankful enough for what it has done in helping me to carry out my work for the handicapped."

How fitting that he was the first Canadian to receive this award which is one of the most coveted in the field of medicine.

Although his debt to Canada is so freely acknowledged, his repayment has been distributed throughout the world. His citation read, in part:

> "Under his leadership, the Rehabilitation Institute of Montreal has provided training opportunities for students from more than twenty countries who have returned to their own lands to apply the precepts of rehabilitation and the inspiration instilled by Dr. Gingras. His international vision and energetic efforts have paved the way for improved services for the handicapped in many parts of the world."

Dr. Gingras has been Executive Director of the Rehabilitation Institute of Montreal since its founding in 1949. He is also Professor of Physical Medicine and Rehabilitation in the Faculty of Medicine, University of Montreal, President of the Quebec College of Physicians and Surgeons, the first Canadian to serve as President of the International Federation of Physical Medicine, a Fellow of several medical societies and a member of numerous medical and scientific associations throughout the world. Nor could I begin to describe his honours, awards, and distinctions.

Perhaps his dramatic performance on the world medical stage is a throwback to an earlier ambition, for I am told that he once dreamed of becoming an actor. Had he not chosen the University of Montreal Medical School instead, I have no doubt that "Anne of a Thousand Days" might well have two Montreal stars – Geneviève Bujold with Gustave Gingras in the place of Richard Burton.

Dr. Gingras began his work with the casualties of World War Two and has continued to serve the victims of senseless killing and pharmaceutical fallout because, in recent times, his most noted contributions have been in Vietnam and with thalidomide children. In both instances, his refusal to be subdued by bureaucracy and his sheer determination have transformed the future for countless children.

In a forthright and intriguing interview in *Maclean's*, in March 1969, he was reported to have remarked with a tinge of nostalgia: "I used to be a pretty fair physician, but now I'm just a con man." He referred, of course, to his efforts at persuading service clubs, or governments, or both, to provide the means of carrying on his work. I would say that "con" really is an abbreviation for the confidence he has instilled in the disabled, the constancy of his efforts on their behalf, and his contrariness in the face of awesome odds.

Dr. Gingras, like many poets, loves to spend long hours watching the sea, the sea that has hidden depths, unpredictable currents, exciting changes of face and relentless force. It tells us much about the human spirit and so, I believe, does Dr. Gustave Gingras whom I am proud to introduce to you now.

DR. GINGRAS:

I am grateful to the President and Officers of The Empire Club of Canada for giving me the opportunity to address this prestigious group. It is not without humility that I do so after having noted the names of the speakers who have preceded me.

In September 1969, during the Eleventh World Congress, held in Dublin, the International Society for Rehabilitation of the Disabled proclaimed the years 1970 to 1980 "The Decade of Rehabilitation". The projects and major objectives outlined are among the finest and most constructive initiatives ever undertaken by this world federation of voluntary organizations in 61 member countries. As Canadians, it would appear to be our duty to assist in any way possible to assure the practical and productive realization of these important objectives.

In our affluent society, and this applies to the European and North American concept, the various medical and surgical specialties have had a tendency to work independently in the field of rehabilitation. Postgraduate training has often been water-tight and there has been little true scientific or other exchange between the various professional and lay organizations. Fortunately, in recent years, thanks to organizations such as the International Society for Rehabilitation of the Disabled, UNICEF, The League of Red Cross Societies, Save the Children Fund and many other national and international lay and governmental agencies, it has been possible to set up rehabilitation centres and hospital rehabilitation facilities and, to a certain extent, to stack up knowledge and obtain a certain degree of symbiosis. I would be remiss if I did not mention the wonderful work of the Canadian Red Cross Society in the field of rehabilitation in Canada and abroad. The Society gave me the unique opportunity to serve in the past in Morocco during the paralysis outbreak in 1959-60, and I will be eternally grateful for the major experience and opportunity given to me.

It has been often suggested but rarely realized that all facets of a given disability be taught jointly to students in the medical and allied rehabilitation professions. Indeed, it would be more profitable to all rehabilitation students if, for instance, clinical demonstrations were given jointly on spinal cord injuries including the neurological, neurosurgical, orthopaedic, physiatric and plastic surgical aspects. Physical and occupational therapy, prosthetics and vocational aspects could also be included and thus provide all students with a package deal that is both useful and practical. Concurrently, it would strengthen indeed the teamwork concept.

It has been difficult to convince some of our psychiatric colleagues to specialize in the interesting and complex problems of psychiatry as applied to physical disability. Their greater participation in programmes would undoubtedly open new avenues and help solve the ever-increasing psycho-social problems associated with disability.

In order to attain a common goal, the Committee on Guidelines for the Future in Medicine of the International Society for Rehabilitation of the Disabled recommended the following in the field of education:

a) That an attempt be made in all countries to standardize the postgraduate studies in the Specialty of Rehabilitation Medicine.
b) That the training of rehabilitation personnel be intensified at all levels and in all countries.
c) That the undergraduate lectures and clinical demonstrations given in Faculties of Medicine include the participation of the allied rehabilitation professions.
d) That common training, when applicable, be dispensed to students in both the medical and allied professions.
e) That the general practitioner and the pediatrician receive special instructions in the field of rehabilitation.
f) That more psychiatrists devote more of their time to the psychiatric aspects of disability.

Tremendous gains have been made in developing countries in recent years. It is true that the fight for full recognition of the disabled person is not fully won, that architectural barriers are still a major problem, and that research in all fields of rehabilitation is but in its infancy. Nevertheless, thanks to understanding governments, lay agencies and farseeing individuals, arms have been forged and a policy has been established. The major problem is not within the developed countries, however, it is in the Third World.

Cardinal Paul-Emile Léger, who left his prestigious station as Archbishop of Montreal to become a simple missionary priest in The Cameroon, recently said:

> "The discovery of the Third World is a recent one. It is one of that complex set of realities which has gradually been brought home to us as a result of the upheavals during the period following the Second World War. For the last twenty-five years, economists, sociologists, psychologists and geographers have tried to get at the heart of a matter which has become the number one problem of our time."

In one of its most forceful presentations yet, the International Review of the International Society for Rehabilitation of the Disabled cites that 500 million or 17% of the world's people live in areas where rehabilitation services are adequate; that 600 million or 18% live where services are developing but still inadequate. In bold capital letters it brings home the almost incredible statement that: "Two billion or 65% of the globe's population live in areas where little or no rehabilitation services are available."

As one who has had the opportunity to observe and study rehabilitation facilities on five continents, I can vouch for the veracity of this statement. The International Society should be commended for bringing this statement to the attention of the world, particularly to that of the affluent societies.

It has been shown time and time again that the main factor involved in organizing rehabilitation facilities in developing countries does not reside in grandiose buildings and sophisticated equipment. Modest facilities and not infrequently locally manufactured equipment are more than sufficient. What is crucially needed and needed now are people – devoted and competent doctors, nurses, therapists, prosthetists and orthotists – supported at home by understanding governments and unselfish public-minded organizations and individuals.

Bringing rehabilitation personnel from developing countries to developed areas for full training has been tried often; in many instances the experiment has failed. Indeed, it must be realized that many of the principles taught in our countries cannot always be applied easily in developing regions owing to lack of facilities, equipment, funds and government co-operation. How many foreign students, after three and four years' training in the United States, Britain, Canada or elsewhere have returned home only to face one lack or frustration after the other until they long to immigrate into the host country? Furthermore, in several instances, the diseases and disabilities present and requiring rehabilitation procedures in developing nations have never existed, or have been almost eradicated, in the developed areas. This statement is particularly true for leprosy, poliomyelitis and tuberculosis. It would appear to many of those who have had experience in this field, and certainly mainly to those in authority in developing regions, that the method of choice – the one that produces the best results – consists of seconding men and women who will provide service and education and who, after a job well done, will return home leaving a core of well prepared and well trained nationals to continue the work started.

Another solution advocated, to economize on personnel from developing countries, is to provide regional training. By this method, candidates can be trained in areas similar or almost similar to their own where the types of diseases studied and treated, climate and facilities correspond to that found in their own regions. Going abroad for short courses and exposure to modern rehabilitation methods is of course highly recommended for mature individuals who have already acquired their basic education and training at home.

It is true that in developed countries the professional groups have resisted the training of aides in their respective professions. In developing countries, however, two levels of training are absolutely essential owing to the scarcity of candidates with sufficient educational background for direct admission to courses in the various allied rehabilitation professions. There is no doubt that unless this second level is provided, fully trained personnel will not be available until the overall educational level of a whole given country has risen to one comparable to that of the developed countries. Such an ideal result might not be reached for two generations to come.

The recommendations of the Committee on Guidelines of the International Society for Rehabilitation of the Disabled are short and specific on this point:

a) That every effort be made to train personnel in their country of origin.
b) That regional training be encouraged.
c) That two levels of training for the allied rehabilitation professions be considered, keeping in mind, however, that the quality of the courses be subject to constant review.

Until now very little research has been pursued in rehabilitation medicine because it has been essential to face emergency problems such as treatments, staff training and the creation of facilities. In many areas of the world it was necessary to start from the very beginning and, not infrequently, the rehabilitation teams had to face tremendous backlogs of unattended cases. Of course, it is understood that research in depth is not possible in every country nor in every rehabilitation centre owing to staff, facilities and financial involvement. Nevertheless, it must be strongly emphasized that research should not be confined only to the so-called advanced and well developed areas. Very useful and constructive research and investigation, particularly in the demographic and geographic distribution of disability can be conducted in the developing countries with help from national, regional or international agencies.

Research may be oriented in the following fields:

1) Highly scientific and sophisticated research investigations conducted in well established faculties of medicine, in hospital departments of physical medicine and rehabilitation and in centres associated with universities to deal with muscle physiology, diagnostic procedures and external power sources for prosthetic and orthotic appliances.
2) Specific research on the rehabilitation of certain given pathological aspects little known or "forgotten" in developed countries but prevalent in developing areas, for instance in the field of poliomyelitis, leprosy and tuberculosis.
3) The psycho-social and psychiatric impact of disability on the individual, the family and society at large.

Once more, I wish to quote from the recommendations of the Committee on Guidelines of the International Society for Rehabilitation of the Disabled:

a) That more funds be made available for research in the area of rehabilitation medicine and para-medicine in both developed and developing countries.
b) That surgical techniques, particularly in the field of neurosurgery and orthopaedics be reviewed and improved through research to alleviate deformities.
c) That it would be highly desirable to give attention to research in prenatal life and its ecology.
d) That research be intensified in the field of prevention of accidents and diseases, including blindness and deafness.

The method of delivering adequate services, both at home and abroad, is one of the major problems and, in spite of constant effort at all levels, rehabilitation personnel will undoubtedly continue to be at a premium for many years. It would seem that specially adapted "time and motion studies" should be instituted to investigate the feasibility of economizing on the time of the rehabilitation personnel. The admission requirements in the field of allied rehabilitation professions have increased; the duration of courses have been lengthened and diplomas have been progressively replaced by university degrees in many areas. Consequently, as allied rehabilitation personnel is and will be capable of shouldering greater responsibilities, there is no doubt in my mind that the physician should be able to delegate more to them. Group therapy in Physical, Occupational and Speech Therapy and in Medical Social Service not only saves precious time and effort, but also promotes socialization and healthy competition.

Because of the tremendous recent advances and importance in the rehabilitation field, I have chosen to study separately the problems of orthotics and prosthetics.

A great deal has been done in the field since World War II, and even more since the thalidomide tragedy. In developed countries, new methods of fitting and training have evolved with the utilization of new materials. In many instances plastics have replaced wood and metals, and lighter materials have supplanted the heavier components of braces. It is appropriate to mention here that many of the improvements and miniaturization of components are by-products of space technology and that the disabled should be most grateful for the benefits accrued to them through these wonderful developments. It can be stated that because of the excellence of orthopaedic procedures, the advent of physical medicine and rehabilitation methods and because of the drastic decrease of poliomyelitis, the number of braces prescribed in developed countries has diminished tremendously. On the other hand, their need is increasing daily in developing areas. Greater efforts must be made towards the standardization of parts used in the field of orthotics. Such parts can easily be made in countries where manufacturing facilities are available. Here again, the possibility of establishing regional orthotic workshops may be considered with great advantage.

One of the difficulties in the fitting and use of artificial limbs in developing countries is to convince physicians, prosthetists and allied rehabilitation personnel that the same degree of excellence found in their own countries of origin cannot be attained overnight. In certain areas one must be satisfied with the adequate use of pylons; in others, it may be preferable to train the unilateral upper extremity amputee to maximum use of the remaining limb rather than to provide a complicated prosthesis which may require maintenance by specialists who may not be available.

Technical aid to developing countries must be backed and sustained firmly by the affluent nations. "The rich nations are getting richer and the poor nations are getting poorer" stated Lester B. Pearson, the former Prime Minister of Canada, who some months ago headed a World Bank Commission on International Development. "Foreign aid," added the Nobel Peace Prize Winner, "must be improved and strengthened and one way of doing this is by adhering to the minimum foreign aid standard set for the rich nations by the United Nations. If we falter in doing this then we will face the greatest catastrophe in history – the alienation of the underdeveloped nations."

Mr. Pearson addressed himself to government and government agencies but I am sure that he cannot and would not exclude the support of national and international benevolent organizations and of every citizen of the affluent nations.

Mr. Chairman and Gentlemen, most of us can provide financial help to developing countries, and a larger number of our professional fellow-citizens can give of their time and talent to teach and serve in less favoured territories of the world. This, however, is not enough. We and those who are sent must develop and acquire good will, tolerance and understanding. On my last trip to Viet Nam I again visited the Canadian Rehabilitation Centre in Qui Nhon, which is staffed by Canadians recruited from coast to coast, the majority of whom speak the two official languages of Canada. While appreciating the important assistance rendered by Canada, one of the Vietnamese Cabinet Ministers said to me: "You render to us a great service for which we are and will be eternally grateful, but when the working day is over your personnel return to their quarters until the next day . . . you cannot compete with the missionaries, regardless of their faith. The missionaries live with us, they toil with us, they learn our language, they eat with us . . . sometimes they even die with us!"

Mr. Chairman and Gentlemen: those whom we send abroad must be missionaries in their own right!

May I conclude by quoting from the Book of Enoch:

> "If you have much, give much; if you have little, be not afraid to give according to that little; for you lay up a good treasure for yourself against the day of need."

Dr. Gingras was thanked on behalf of The Empire Club by Dr. H. V. Cranfield.

MARCH 12, 1970

Sleeping with the Elephant

AN ADDRESS BY Professor Dale C. Thomson,
D.F.C., PH.D.,
DIRECTOR, CENTER OF
CANADIAN STUDIES, THE JOHN HOPKINS
UNIVERSITY

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

The story is told of a teacher in an international school who assigned his students the task of writing an essay on "the elephant". The results were both intriguing and revealing in terms of the national characteristics of the various students. An English boy wrote on: the elephant – a study in manners and protocol. Then, a young Frenchman produced a delightful account of the love-life of the elephant. The German student was content with nothing less than a lengthy discourse on the history and philosophy of the elephant, in four volumes. The American, as you would expect, came forward with a study entitled: elephants – how to build them bigger and better. And finally, the Canadian: the elephant – is it a federal or provincial responsibility?

Perhaps, on this occasion, we are required to take our text from the French student, as we hear from Professor Dale C. Thomson on the hazards and pleasures of "sleeping with the elephant". Such was the analogy applied by Prime Minister Trudeau on his visit to Washington last year. The state may have no place in the bedrooms of the nation, but safaris apparently fall into a separate category.

How apt is the analogy? It would appear that it only suits the booming, economic giant to the south of us in part, if we are to believe a recent revelation by the Food and Agricultural Organization. "In addition to being prone to sunburn, indigestion, respiratory complaints, and the common cold, eating constantly and enormously, and costing as much as a truck, work elephants are only good for about four hours at work every day." Such is the declaration of the F.A.O.

However questionable the analogy, there can be no doubt about the authority that Professor Dale Thomson brings to this subject. Last September, he launched a centre for post-graduate study and post-doctoral research in Canadian studies at the Johns Hopkins University's School of Advanced International Studies in Washington. I have no doubt that, under him, this centre will be a persistent flea in the ear of the elephant. In fact, I am confident of this because it would be difficult to find a bilingual Canadian professor to match the combination of scholarship and restless energy which he has displayed.

Born on a farm at Fort Assiniboine in Northern Alberta, he served in the R.C.A.F., while a very young man, and was awarded the D.F.C. for dive-bombing attacks on enemy shipping in the English Channel. As in the case of so many distinguished Canadians, his higher education was a by-product of wartime service. He graduated with a B.A. from the University of Alberta in 1948 and proceeded to the University of Paris to take a doctorate in history from the Faculty of Letters in 1951. His thesis work took him to West Germany, resulting in his fluency in German as well as a completed dissertation.

Following a short interval with the National Film Board, he served as Secretary to Prime Minister St. Laurent until his retirement in January 1958. Unfortunately, Professor Thomson's decision to run as a Liberal candidate for Jasper-

Edson later that year went unrewarded; the year 1958 was not the time to have opposed John Diefenbaker in Western Canada.

His extensive writing has brought him national prominence, particularly the brilliance of his biographies of Alexander Mackenzie and Louis St. Laurent. So thorough has his participation been in the Canadian Liberal tradition that he wrote, for several years, as a Winnipeg Free Press correspondent. As he has plumbed the depths of Canadian history, so he has explored the problems of other nations, travelling extensively in Asia and Africa where he has met many of the leading statesmen on those continents.

Professor Thomson is presently on leave from the University of Montreal, where he was the first Director of the Department of Political Science and still holds a chair. Now, his immediate task is to fulfil the hopes of the William Donner Foundation and the Donner Canadian Foundation which together provided a million-dollar grant for advanced training of American and Canadian students. The story has been told of the American history textbook: "An Objective History of the War of 1812 (from the American Viewpoint)". In Washington, his background and experience will undoubtedly produce an admirably objective institution. In Toronto, to give us an objective account of the problems of "sleeping with the elephant", from whatever viewpoint, I am happy to introduce to you today Professor Dale C. Thomson.

PROFESSOR THOMSON:

When your President invited me to speak to you during this 1969-70 season, I had not yet really got my feet under my new desk in Washington. However, with the eagerness of the neophyte, I accepted his suggestion to talk about, as he put it, "any aspect of Canadian-American Relations". I had been in Washington when Prime Minister Trudeau went down for his first meeting with President Nixon almost a year ago, and was taken by his analogy between Canada's co-habitation with the United States on this Continent and a man sleeping with an elephant. I thought to myself that having lived that experience at first hand for a few months – in fact, living inside the elephant – I would be able to find something appropriate to say to you today.

Now I am not so sure. I have been in Washington long enough to have many of my preconceived notions disproven. I have tried to read most of the available literature on Canadian-American relations, and there is a lot of it. And I have seen and heard enough to realize that this relationship is almost too complex for one person to master. At the rate that my self-confidence is ebbing, I suppose it is a good thing that your President invited me for when he did; by your next season I might not dare open my mouth at all!

Anyway, I hope that you will take my remarks today as a preliminary report, and judge them accordingly.

My first remark is that my wife and I are continually surprised how different the United States and Canada are. I don't know who invented the myth that they are really not distinguishable. Certainly someone who didn't know both countries. And of course the differences between the parts of the two countries farther from the common border are even more striking. In many respects, we feel more at home in London or Paris than in Washington.

We certainly feel safer in the streets. The morning paper carries on the same page a description of the weather, and the list of crimes that have been committed in town in the past twenty-four hours. Usually there are about forty – hold-ups, muggings, thefts, murders – with a juicy rape story at the head of the list. Murders in Washington D.C. run at around 400 a year, and about 10,000 for the whole country – more than the casualty rate for the whole United States Army, including Vietnam. Most people have a better chance of making the crime columns than the society page.

There are other differences – the bureaucracy is bigger – and just as slow. The traffic jams are worse, their race problem is causing more hardship than our language problem – and if it's any consolation for Eric Kierans – the postal service is worse.

But I don't want to insist on the differences that are in Canada's favour. Life south of the border has great advantages as well. I do want to make two points. That Canada has a distinct identity, and second, that Canada has not lost the ability for maintaining that separate identity. In my view, those who say otherwise are either men of little knowledge or little vision.

Americans have more difficulty than Canadians in distinguishing the differences between the two countries. That is largely because the communications flow is mainly South-North, and because most Americans are relatively shut off from the outside world.

I was surprised to be told by some Americans with some knowledge of Canada that it reminded them of the United States forty years ago. This is not meant in an unkindly manner, to suggest that Canada is like the United States, but forty years behind. On the contrary, it is often meant as a compliment, to suggest that Canada has the opportunity of avoiding some of the mistakes that have been made south of the border – in urban growth, in resource conservation, in assuring a "just" society, in finding a workable balance between free enterprise and state intervention, etc. . . . I think that is good advice. The Fathers of Confederation took that attitude a century ago when they tried to devise a federal system without the weaknesses that had been revealed in the American one. It is significant that it is often the youth of America who make that kind of remark to me, and not older people with a nostalgia for the past.

In this sense, living side by side with the United States offers an almost unique opportunity. But we must take advantage of it. We have to decide what we want to emulate, and what we want to improve upon, or even do differently. Too often, it seems to me, Canadians are inclined either to plunk for the "American way", or to reject it completely. It takes a lot more maturity – and in my view makes a lot more sense – to avoid either of those extremes.

One remark I hear in the United States, and that is less pleasing to Canadian ears, is that Canada is just an extension of the United States. From an economic point of view, this is largely true. To prove it, it is only necessary to ask where Canada would be today without the contiguous American economy. Culturally it is partially true as well. So what should we do – close the border? Keep out American ideas? That would certainly be self-defeating, and would turn Canada into an economic and cultural backwater. And our chances of survival as a nation would be still further diminished. Once again, I think the only solution is to take maximum advantage of the Canadian-American relationship, striving to maximize the advantages and minimize the disadvantages.

This approach requires of Canadians an objectivity, and a realistic assessment of their own country, that is not always present. First of all, Canadians are the original anti-Americans. This country was built in large part as a reaction against the United States, and it is held together to a considerable extent on that basis. Canadian nationalism has always had a strong tinge of anti-Americanism. That is perhaps inevitable, but it does make more difficult the kind of rational choices I have been talking about.

It also leads Canadians to adopt rather curious postures, which reflect more anti-Americanism that positive Canadianism. When I read of the leader of a Canadian political party demonstrating on Parliament Hill against the American policy in Vietnam, I wonder who has the colonial attitude? Who is acting like an American? Who is acting as if Canada were a mere extension of the United States?

Similarly, in our foreign policy, we are inclined to adopt positions for the wrong reasons. There are many reasons to recognize Communist China, but surely not for the reason some people want to do so – to demonstrate our freedom of action *vis-à-vis* the United States. I have heard it argued by a well-known Canadian that we have to rush ahead with the Stockholm negotiations or the American will get there first, and we will appear to be in town again. The result is that the Peking regime is just playing with us in Stockholm, seeing if it can extract from us a recognition of its claim to Taiwan. And our ambivalent, if not hypocritical attitude on this matter, is being exposed.

Another problem of many Canadians is that they are still living, psychologically, in the early post-independence era of this country's history. Every country is inclined to exaggerate the figure it cuts on the international stage, and we are no exception. Perhaps our problem is more difficult in this regard because – for one reason or another – we had more influence in our early post-independence years than we have now, or are likely to have for some time in the future.

When we appeared on the international scene after World War Two – our role prior to that was more symbolic than real – we had won respect for our contribution to the Allied scene, many other countries had either not yet become independent or were in a period of eclipse – Germany and Japan for instance – we had some pretty exceptional leadership, and we had the then-powerful Commonwealth tie. We thought of ourselves as a middle power – almost as a small great power. Friendly countries encouraged us in this illusion. Then when our advice was not accepted, we felt we were being ignored.

Let me give you an example. Some of you may recall the outbreak of the Korean War in June 1950. The North Korean invasion began early on the morning of June 30, Korean time. The news reached Washington and Ottawa before midnight of June 29. Canadian and American diplomates were called out of their dinner parties, or wherever they were, and an all night vigil began. By morning the Americans had decided to send in troops from Japan under the command of General McArthur, and a speech was prepared for President Truman to that effect. It was to be delivered at 11 a.m. The Canadians, for their part, had decided that any such action should only take place under the aegis, or with the approval, of the United Nations. They bombarded the Americans with urgent pleas not to say anything until the Security Council had met, and had passed a resolution endorsing the military intervention. The Americans listened politely, and went ahead with their plan.

Recently I had the opportunity of discussing this crisis with one of the Americans who was on duty during those critical hours. I asked him if he recalled the Canadian representations. He said he did, but he also recalled that there was a flood of others as well from foreign capitals – from London, Paris, from New Delhi, from Tokyo, and so on. Canada's views had been weighed along with the others.

From this and other instances that I have examined, I drew the conclusion that Canada can have an influence on world affairs, but we must not exaggerate our capacity for influence in areas far from our borders, concerning which we are likely to be less informed than others. The recent and tragic case of Biafra is a case in point. Under the pressure of a certainly well-meaning but uninformed group, the Canadian government almost compromised our relations with the largest country in Africa. More experienced governments, including Britain and the United States, and countries close to the scene of action, didn't make the same mistake.

That leads me to ask the question – how can we best exert our influence in the world? There are those who argue that we can have more effect by making the most of our close relationship with the United States, and influencing by "quiet diplomacy" the decisions of the most powerful nation in the world. There are others who feel that Canada must speak out with a distinctive voice – or who feel that they must demonstrate that Canada is not a United States satellite. They demand that Canada "stand up" to the Americans.

One of the projects in our Center of Canadian Studies in Washington is to try to assess these alternatives.

It strikes me that Canada has some rather unique opportunities of influencing American policy. For one thing, the United States Government is anxious to demonstrate to the world that it can live side by side with a smaller nation, without relegating it to a satellite status. Analogies between the situation of Canada, and that of the Soviet Union's satellites, almost invariably precipitate a sharp reaction in the United States Government. To disprove it, American officials point to Canada's trade with Cuba, and to the Stockholm negotiations with Communist China, as a proof that Canada makes her own foreign policy decisions.

There is a myth in the United States about "good neighborliness" that Canada can use to her advantage. I had the opportunity to interview General Eisenhower a few years after his retirement from the Presidency, and asked him what his approach to Canada had been. He said very categorically: " When I learned of a problem that was concerning Canada, I gave orders that it should be settled at once. If we can't get along with our closest neighbors, how can we expect to get along with other countries?" President Johnson spoke in similar terms, comparing United States-Canadian relations to chats over the back fence.

You will notice that General Eisenhower was referring to Canadian-American relations, and not to Canada's views concerning the rest of the world. I conclude that we can exercise an influence on American policy to the extent that our interests are directly involved. But we should take care not to waste this asset when they are not, by pressing our advice too strongly on matters of less direct concern to us.

On the other hand, it should not be concluded that Canada can have no influence on United States policy abroad. The United States Government would prefer that we agree on international issues, and American officials go to considerable pains to convince Canada of the rightness of their positions.

Former Secretary of State, Dean Rusk, remarked that the interdependence of a great and a small power is not a one-way street. He recalled that when he became Secretary of State, he asked the Planning Council to prepare a paper for him on how a great power frees itself from a smaller power. He was thinking of the way the United States was tied to the policies of President Chiang Kai-shek and Syngman Rhee. However, he pointed out that the Soviet Union is similarly bound by the policies of North Korea, North Vietnam, East Germany, Cuba and even the United Arab Republic.

Certainly the United States receives willingly Canadian views on the gamut of international issues. However, it also receives the views of many other nations, several of whom also claim a special relationship with the United States. About a thousand despatches a day go out of the State Department; more come in. The assessment of Canadian views is made in that context.

One of the advantages that we have over all other countries stems from the ease and frequency of communications between Canada and the United States. The problem is not to keep the channels open; it is rather to keep track of everything that goes through them. An official of the Canadian Embassy in Washington, or a Canadian Minister in Ottawa, can get in touch with his opposite number in the United States Government with remarkable ease. And often this contact takes place at a stage of the American decision-making process when policy is only beginning to take shape, with the result that Canada can actually participate in that process. I suppose this is one of the side-effects, or spin-offs, of the difficulty that Americans have in distinguishing between our two countries.

Since most problems between Canada and the United States are largely of a technical nature, they are first dealt with by specialists from the two sides, and recommendations are passed up to the policy-making level, after a certain in-put has already occurred.

My objection to the demand of some Canadians that Canada be treated "just like any other nation", that we adopt a more "arm's-length" approach in our dealings with the United States, is that one would be sacrificing these advantages for something much less valuable in terms of Canadian self-interest. They would have us give up this "inside track" in Washington; they would also sacrifice the "inside view" of what goes on in what is still the most powerful country in the world. Many countries in the world would like to be in our place and to have a "special relationship" with Washington. Even President Pompidou has discovered anew France's interest in close relations with Washington.

If Canada were to give vent to the anti-Americanism that is inherent in our national character, we might well find ourselves not only with less influence in the world, but more important still, with less leverage in Canadian-American relations. We might find the United States seeking to devise ways and means of making themselves more independent of us, and of driving harder bargains with us.

This first possibility is already manifest in the military sphere. The Cuban military crisis of 1962 marked the end of a period of military co-operation dating back to the Ogdensburg Agreement of 1941. When the Canadian Government proved unable to make up its mind for a precious 48 hours on how to react, military planners in Washington began to have serious doubts about sharing responsibility for United States security with Canada. Since then we have seen a gradual disengagement by the United States from joint decision-making. This tendency has been aided and abetted by the anti-militarists in Canada.

Writing in 1966 the late General Charles Foulkes, former Canadian Chief of Staff, remarked on this score:

> "There are already signs that the United States plans to become less and less dependent on Canada for the operations of its defence devices; consequently, claims for participation in the consultation and decision-making process will be less justified. Within a few years,

> when Canadian contributions to continental defence have become insignificant, Canadian advice, comment and assistance will be sought only in fields where Canada has special knowledge or in areas where Canada has carried out special defence studies."

The result will be that Canadian-American defence cooperation will consist largely of briefing sessions at which Canadians will be told what Americans think they can safely be told of recent developments, and given an assessment of the state of North American defence.

This pattern is already evident with regard to the ABM system, which is being built south of the border, and about which Canada is kept informed to some degree, but not consulted. The question we must ask ourselves is if we want this approach to Canadian-American relations to be extended to other areas? Is it in our national interest to deal with the Americans on this basis in the areas of trade, of capital and population movements, energy, pollution, control of the environment, Arctic development? It is not easy to separate one facet of United States-Canadian relations from the rest – to get tough on one issue, and be intimate on another.

American policy-makers refer to Canada with satisfaction as a "non-crisis" area, and they are anxious to keep it that way. They express surprise when Canadians feel that they are being ignored, and while they try to take account of this need for attention, they feel that Canadians don't know when they are well off.

Generally speaking, their approach to Canadian-American relations is likely to be "continentalist"; they tend to see North America as a single unit, the resources of which should be developed for the mutual benefit of both countries. They find it difficult to understand the Canadian's instinctive fear of this continental approach, and of the interdependence it implies.

I thought that a Canadian friend of mine put it well when he wrote recently to an American: "My Canadian fear of anything that looks like integration clashes with your American desire to set up an orderly and rational process. I am afraid of anything that leads to a rational organization of North America. . . . I am particularly wary of any procedure which suggests policy-sharing except in very limited ways because I think such a procedure simply means that we surrender our right to dissent."

I think a good many Canadians could identify with that viewpoint. However, since it is essentially subjective, it is not an easy policy approach to sell in Washington. If we can't justify our position more logically, I think that we are going to have to at least cloak it in more rational terms.

In the period immediately ahead of us, Canada and the United States are going to be discussing some topics of great importance to both countries – pollution, oil, water, control of the environment, Arctic sovereignty, and control of the sea-bed.

In these negotiations we will be facing the United States alone; neither the Commonwealth, nor the Francophonie, nor any other outside force will be supporting us.

The first thing that we will need is a well defined Canadian policy. Canadians often complain that the United States has no over-all policy towards Canada; Americans also complain that Canadians have no clear policy towards them. Dean Acheson once remarked that if Canadians would just state what they stood for, other countries could make up their minds what attitude to adopt towards them. The fact is that our policy towards the United States is ambivalent, ill-defined, full of contradictions, and often based on very subjective reasoning.

We must hope that the current foreign policy review will correct this situation. Certainly the presence in Ottawa as Under-Secretary of State for External Affairs, of the former Canadian Ambassador A. E. Ritchie, should help.

Second, we have to develop specific positions on the issues that I have mentioned, policies that take into account the natural desire to maintain as much of Canada's national sovereignty as possible, and the necessity for United States-Canadian co-operation.

Third, we have to prepare our strategy carefully, avoiding the nationalist posturing that may give psychic satisfaction, but is not very rewarding in more tangible terms.

Above all, we should take advantage of the immense reservoir of goodwill on both sides of the border. According to a report prepared for the Royal Commission on Bilingualism and Biculturalism, 65% of English-speaking Canadians consider the United States as Canada's best friend, and 72% of French-Canadians do so. I have no figures for the United States, but certainly Canada has few enemies there.

I suggest that we have all the elements of a policy towards the United States that will enable us to maintain our independence, and yet take advantage of the close relationship between the two countries. To a very large extent, it is really up to us.

Professor Thomson was thanked on behalf of The Empire Club by Mr. James H. Joyce.

MARCH 19, 1970

The White Paper on Taxation: What Else is New?

AN ADDRESS BY The Honourable Eric W. Kierans,
P.C., M.P.,
MINISTER OF COMMUNICATIONS

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

I have a special honour and privilege, today, and I would like to ask Mr. Charles Dario, Maître d'Hôtel of the Royal York to stand to receive a citation.

Mr. Dario has been with the Royal York since its official opening on June 11, 1929, which is exactly sixteen days longer than I can remember. Since 1952, he has served, faithfully and devotedly, the Presidents of the Empire Club of Canada, all of whom have been invited to be with us for this occasion.

Mr. Dario, in making this presentation, on behalf of the Board and members of The Empire Club of Canada, I extend to you our sincerest good wishes for a happy and healthy retirement. I would only add one word to this citation: Godspeed in the years to come. (An engraved silver plate tray was then presented as a memento to Mr. Dario.)

MR. MACDONALD:

During the current season of the Empire Club of Canada, it is my privilege and responsibility to prepare for over thirty weekly meetings. Not infrequently, as was the case this morning, our speaker is scheduled to arrive shortly before the luncheon is due to begin. Similarly, the President must prepare and arrange for the mailing of our notice cards on a weekly basis. You will understand then why have I been afflicted with a recurrent nightmare during the past few months. It assumes one of two forms: either I am standing here gazing out upon a sea of empty tables because our cards did not arrive, or I am at this lectern, confronting a hostile audience, without a speaker. Happily, with the help of the Almighty, Air Canada and the Post Office, my dream has never been translated into reality. The Post Office, in particular, has performed with great reliability. The only exception was a letter which I sent down to the Empire Club office on Bay Street and which arrived, six weeks later, postmarked Moose Jaw. I realize, Sir, the concern of your Government about Western separatism, but routing the mail via Moose Jaw seems expensively zealous!

I am conscious that you are deeply preoccupied with labour negotiations at the Post Office and I am grateful that you have come here to speak today. In fact, I am doubly grateful because it would be difficult to find another Canadian who has combined, so effectively, experience in the academic, the financial, and the political worlds. I recall having the pleasure of expressing our appreciation to you, Sir, at an Empire Club meeting a few years' ago and remarking on the combination of intellectual curiosity, independence of thought, and boundless energy that has been characteristic of your career. That you have brought the same qualities to the Federal Cabinet and to your important portfolio, as Minister of Communications, has been demonstrated almost daily.

Eric Kierans learned the direct approach to a goal and the value of his own input while working his way through Loyola College and McGill University. He enjoyed success in a variety of business activities, before returning to the academic consideration of business affairs as Professor of Commerce at McGill and, later, as Director of the School of Commerce in 1953. His entrepreneurship turned in a different, but equally significant direction, in terms of public service, when he set about the rejuvenation of the Canadian and Montreal Stock Exchanges from 1960 to 1963.

In the early 1960's, when Quebec was alive with change, Eric Kierans was lured by the siren song of Quebec politics. In 1963, his first political venture produced instant success when he was elected to the Quebec Legislature, in a by-election, for the riding of Notre-Dame-de Grace. His political apprenticeship was brief, before entering the Cabinet of Jean Lesage to serve as Minister of Revenue and later as Minister of Health.

Anyone who knows the parliamentary life of Quebec City is familiar with the dominance of the French language throughout its affairs. It is a particular tribute to Eric Kierans' popular appeal that he was able to make such an impact on his French-speaking colleagues, and a testimony to his determination that he began to learn French, at age 50, mastering the language in record time.

In April 1968, he became a familiar figure on the national scene as a candidate for the leadership of the Liberal Party. As member for Duvernay, in suburban Montreal, he immediately entered the Trudeau Cabinet in July 1968 and became Canada's first Minister of Communications on April 1, 1969.

As Postmaster General, his name has become a household word. As Minister of Communications, he is pioneering in Canadian policies for telecommunications and space satellites. But today he returns to his earlier field of finance and taxation. Recently, I encountered a piece of doggerel by one Gaspard McGuffey called *Unrealized Capital Gains*, which describes a conversation between a tax collector and a citizen. Here is a sample:

"We're poor and our comforts are with us no more;
They went to the winning of Poverty's War."
He graciously nodded and started his list.
I'll endeavour to leave you enough to exist.

You're overly modest about your estate;
It's worth a great deal at our Government Rate;
For looking around here I'd say that you eke
A much better living than thirty a week."

I suppose all of us here are in that category, so that it is only fitting and proper that we should now hear the Hon. Eric Kierans, as he asks about "The White Paper on Tax Reform: What Else is New?"

MR. E. W. KIERANS:

Thank you very much, Mr. Chairman. As you can tell, Ian Macdonald is an old friend of mine.

Distinguished guests of the head table, gentlemen, members of the Empire Club: I occupy, as you know, a very sensitive portfolio. It becomes increasingly sensitive. I am quite used to remarks about the Post Office, made with all good humour, and I take it in exactly the same way. But I get it all the time. When the members came back to the House after the recent Christmas recess, I met a young member from New Brunswick and I asked him if he had a good Christmas (quite an innocuous question). And he said: "No, I didn't." I said: "Why, what happened – somebody ill?" He replied: "No. I lost a railway station and two post offices."

It has been particularly sensitive in the last week or so. On Tuesday evening after, for as yet unexplained reasons, I was unable to appear before a parliamentary committee, I did appear in the House at nine o'clock with much mail and government documents to examine and sign while waiting for a vote on Benson's Budget. There were the usual quorum of twenty there and not many more. Within minutes, the House began to fill up and, what is more important, the parliamentary press gallery. Your predecessor, Mr. Mayor, came to see me and he said: "Eric, what's going on? Are you going to resign tonight?" And I said: "No, Phil, I am not." "Oh," he said, "you can't tell me that. Look at that gallery up there. Those guys know more than the ministers do, and," he said, "they tell me a hell of a lot more."

He went on to say: "Well, Eric, I want to tell you something. I don't know what is going to go on here tonight. I hear the P.M. is making a statement. I'm glad to see you around, but, the boys have been making book on you all day, and you'd better believe it." After it didn't happen, I was going out and I ran into two groups, one of which was Phil Givens. And Phil looked very despondent. I said: "What's the matter, Phil, did you lose?" He replied: "Yes, yes, Kierans, you're a tough cookie."

I went out and I saw the second group – it was the parliamentary press gallery. They wanted a lot of explanation. I said: "Look, I'm still Postmaster General." And, you know, their faces fell. I added: "What's the matter? Are you missing a headline?" You could see it written in their faces: "Kierans – Did he fall or was he pushed?" and there was just nothing! I tried to console them, although it didn't work. I said: "Well, maybe if I stay, you will have more headlines than if I go, whereas this would only be one headline, and then where are you?"

I think that the best comment of all was really from one of my colleagues who said: "You know, Kierans is a very religious man. Every night he goes home and he thanks God that he is still Postmaster General. He will also go home one night and he will thank God that he is no longer Postmaster General. But he won't blame God for anything."

Well, I am supposed to talk on the White Paper on Tax

Reform, and when I told Ian that I would like to talk on this, I intended to spend all of my time on it. But I feel you would want one or two words about what is really going on in the Post Office.

The Post Office has not changed in a hundred years. And that is your fault here as much as it is mine. The people who work in the Post Office are doing things exactly today the way their grandfathers did. They are carrying the mail and they are sorting the mail in exactly the same way.

In the last year and a half we have set about changing that, but you don't change an old institution with 48,000 people, without having to do a lot of heaving and pushing around.

The kind of state into which we, as citizens of Canada, have let the Post Office fall can be summarized, I suppose, in a couple of little figures. About six or seven years ago – it happened to be a Tory year, although it could have been a Liberal year, for they are neither better nor worse – the Post Office, which at that time had 41,000 employees, had in its budget the magnificent sum of $15,000 for management training. I suppose that is a cup of coffee apiece in today's inflated age. But that is all we had. And, with some 8,000 post offices, we spent the magnificent sum of something of the order of $315,000 on capital equipment. That would not even buy a conveyor belt for all the post offices that we had.

If the provincial governments had fallen down in the same way after the Second World War when the traffic began to speed up, and if they had not built the throughways and the 401's and the 27's and the interchanges, you would get some idea of what is happening to the Post Office today. Because the provincial government did do it, and the federal government did not do it.

Now, with more than five billion pieces of mail in a year, 25 million pieces a day, all sorted manually and carried on foot, we have reached a point where things can no longer just be done in exactly the same way.

Similarly, our whole approach to a post office was something much more political than it was social, or economic, or efficient. We built post offices as part of a winter works programme. And that was fine, or it was not so fine really. To give employment, we built hundreds of post offices across the country where there was no need for them. And, while they might individually have cost twenty-five or thirty thousand dollars apiece, the carrying charges for something that you don't need – which includes, among other things, three, four, five and six men to man them, staff them, and give them service, where really very little service is required – continue to be with us.

Post offices were traditionally established all across the country according to what was in the political interests of local members rather than what was in the interests of an efficient post office. Now we have begun to close them down. I expect we will close down about two thousand by the end of this year or even by the fall. We have already closed down about 1,360 up to the moment. You do a lot of pushing around of members of parliament and colleagues and mayors of local small municipalities when you do that. Their expectations have been built up, and there is no longer any justification.

When you have four post offices – small ones – all within a distance of 2.8 miles, the total annual sale of stamps of which is roughly (all four together) about $300, and when you look at the results and figure out that you can accomplish the same kind of service or an even better service by adding 2.8 miles to a rural route that already exists in the area, you make a local member of parliament very unhappy as well as, I suppose, the residents of the communities.

I may say this has earned me the name of "Computer Kierans." But the opposition will, grudgingly, admit that the computer has not built-in programming for political bias. I may say I went down to speak at one of those election-fund dinners that Nova Scotia Liberals gave in Halifax. Unhappily for me, we had decided to close down two of three small post offices in the Wentworth Valley only about three days before. It so happened that two of the postmasters were Liberal and one was Conservative. It also happened that the Conservative was in the centre of the three, and the computer picked the Conservative as the one that should survive. Well, the dinner that night took a very peculiar turn!

We have done a lot of other things as well. We are really turning that post office inside out, and we don't accept the kind of "sacred cows" that have been foisted on us in the past, even such prestigious operations as your President has referred to in Air Canada. When I feel I am getting hosed, I let people know I am getting hosed, and I feel that we are paying far too high rates there. Such is the kind of effort that we are making to bring down our costs and to make ourselves more efficient.

I may say here that our regional General Manager – McKay – gave me the report of some research when I came in today. I am sure that all of you will agree that this is the right approach to handling a post office. But the results of this research is something that you may not agree with because it is going to affect you. Toronto is where we are zeroing in on now – if we survive Montreal.

We have 1,962 street letter-boxes. A typical number of clearances, according to this research which I only saw a few minutes ago is 8,371 in a typical day. But 2,609 of those 8,371 have nothing in them. We are parading around with the trucks making the clearance anyway, even though the volume is zero. For 2,176 additional ones, the total clearances picked up in that day were one pound.

Looking at it in this way, I would say, Mr. Mayor, that the Post Office in Toronto has approximately two to three hundred mail boxes too many, and also some clearances too many. There is one clearance that we do in those 1,926 boxes in which, for one particular clearance run, as McKay told me the other night when I was in Toronto, 1,800 of them had nothing in them. Such a report leads me to believe – you know, you don't have to hit me on the head – that it is an unnecessary run.

This is the kind of work we are doing. In Montreal we did something else. In Montreal, for 15 years, we have been handing out the mail contracts on what is happily called "temporary arrangements." The postmaster – I am not too clear on this, and I don't think Justice is either – can give contracts up to one year and no longer unless he goes to tender. So, we have been giving contracts year after year on a one-year basis. We decided to cut this out, and last fall we decided we were going to tender. Last September the cabinet approved the policy. We advised the unions; we advised the companies. Indeed they both knew six months before that, or over a year ago now, that this is what we intended to do. We also re-organized Montreal – divided it up into five divisions. As a result of those tenders, when they came in, we had four new contractors for the five new divisions, with one contractor getting two. We were to save approximately two million dollars.

However, something happened on the way to the contract date. The existing contractor did not bid. His reasons for not bidding were that the productivity of the people that he had working for him, plus the kind of contracts that they had negotiated, or had imposed on them, would not have given to him enough flexibility to compete. And this is where the problems started.

Since then, there have been two schools of thought. One is that the new contractors, who have contracted according to the terms of the contract and who bought their own vehicles and set about to create their own labour force – that is, to choose the people who would work for them, and to choose people who would make their own enterprises successful – began to be under some pressure (but not from me) to take over the existing body of men according to a seniority list and to recognize the existing union.

Now, there are several things that occurred there. I certainly do not believe that I can ask people to do that, because I believe that a man in business has the right to choose his own employees. Those employees have the right to organize themselves thereafter. I would believe that if we, in the Post Office, did this, such a practice would spread throughout the public sector – and by this I mean not only the federal government but also the provincial governments – and from thence it would spread into the private sector. What one union gets another wants, and I personally believe that this would have damaging effects on the Canadian economy both pervasive and enduring.

I have a great sympathy with those who have acquired rights, but acquired rights are exercised with respect to a given employer; they are not transferable. Perhaps they should be some day. I don't know. But my position is quite simply that, until this is thoroughly aired and is put into legislation, these rights are not transferable; in particular, these acquired rights cannot be transferred, or made transferable as an *ad hoc* response to violence. Until people are convinced that violence will not work, there will be continual violence.

Now, I suppose I could get a hand on that sort of statement and position here in the Empire Club. I am not so sure that I will get the same hand – I have not got the same hand – for adopting this kind of position with the CNTU. On the other hand, the CNTU might think, after you listened to the main part of what I am going to say, that it would be worth a hand, and you may not. So now, we come to the White Paper, and what else is new?

I think the basis of my approach to this subject would be to read to you a quotation from R.H. Tawney which, while it is couched in old-fashioned language because it was written years ago, defines as well as anything I have ever read, or could have written myself, my own philosophy.

Tawney wrote:

> "It is not till it is discovered that high individual incomes will not purchase the mass of mankind immunity from cholera, typhus and ignorance, still less secure them the positive advantages of educational opportunities and economic security that slowly and reluctantly, amid prophesies of moral degeneration and economic disaster, society begins to make collective provision for needs which no ordinary individual, even if he works overtime all his life, can provide himself."

Now, that is the basis, I believe, of any approach to reform of tax structures, or any of our social institutions.

This age is an extravagant age. Our young people are vocal and vociferous, but I think this age is characterized by a new understanding of, and respect for, the dignity of man, and the dignity of the individual. What people, especially our young people, are looking at today is an examination of those social institutions and structures which seem to stand in the way and obstruct the movement towards new values and beliefs. Essentially what any tax reform programme must be based upon is an understanding of the social objectives which are lying within the community, which are considered desirable, and which it therefore becomes the government's responsibility to finance.

We must respect our traditions, but we must be alive to the values that underlie them and the possibility also that they may present serious handicaps in obstructing the movement towards a happier community, a happier Canada, and a heightening of the quality of life.

What people will not accept today is that, given their objectives, institutions should be allowed to stand in the way simply because they are age-old, or traditions. Today we have a different world from the world of Sir William Pitt – I will talk about him in a few minutes – because today we have a world in which man has solved the problem of production. We have the capacity to produce the things and the services – the goods and the services – that will banish sickness and poverty and provide an education and health for all of our people. We have that capacity to produce. We have not yet developed, or seem to be slow in developing, the social institutions that will help us to distribute that abundance which we are capable of producing.

One of these institutions is our belief – an eighteenth- and nineteenth-century belief – that happiness (to turn back a phrase on the tax critics of my friend Harvey Perry and Carter by that very tacky phrase "a buck is a buck") is equivalent to money. The young people today do not accept this. The people today who criticize the White Paper have every reason to criticize this or that aspect of it, because that is what it is for. As I have said to Mr. Benson, if he made one mistake in the White Paper, it was not to put what he and the Prime Minister have said since – that it is for discussion purposes only – not to have put that in writing on the cover.

What I want to suggest to you is that when people criticize the White Paper, they should also criticize it from the viewpoint of a philosophy of life, a philosophy of the Canadian community and its objectives as they see it, and explain this equally clearly. Is affluence to be the goal, the only goal, or is self-respect of every man, respect for the dignity of every man, to modify the rush towards material wealth? And if they criticize the White Paper solely because it limits their own ability to achieve affluence more quickly, I would doubt very much if they would find sympathy from the majority of Canadians.

The problem that Mr. Benson faces today is that outlining the objectives of the government, which is only a reflection of the people, is worthy of the same all-out effort as if we were going to war. Of course, it is much easier to define an objective with the simple word "war" and then to bend all of the energies of a nation to winning a war. But surely the objectives of banishing poverty and banishing ignorance, of distributing all that Canada can offer in a more equal fashion, would present a wide enough challenge. Surely these are worthy of our total commitment, or as total a commitment as the single objective – war.

Income tax, as most of you know, was introduced in 1799 by Sir William Pitt. It was introduced under the strain of England's war against the coalition, a great part of which was fought in the Caribbean. Finally Pitt came to the end of all his resources, which were almost entirely the product of indirect taxes that bore heavily on the people. There were taxes on expenditures but not on income. Under the pressure of that single objective of winning the war, he introduced the income tax.

It is amazing to read that first bill. When you want to know who are the privileged groups in a community, I suppose there are many ways of going and looking for them. Perhaps it is my economic background but, generally speaking, I look at the list of those who get exemptions from whatever a tax bill may be. If you looked at the list that Pitt had to make for exemptions, you find the first one is "ecclesiastical personages gaining their revenue in right of parishes." That was A. But B, I think, will be of interest, although I am sure he already knows it, to Harvey Perry. B was a very funny one. It made me laugh. B was "mining and quarries", and we have it to this day.

I may say also, although I imagine many of Perry's wounds have healed by now, that where there is a bill there will also be an anti-movement against the reform bill. In Pitt's case he introduced the tax in 1799. The reform movement came in 1800. I don't think the first year's taxes had even been passed by then. Certainly the state of the mails being what they were, and the gathering of statistics, it is unlikely much money was collected.

A certain Mr. Beake, who was a thorn in Sir William Pitt's side, came out in 1800 telling everyone how it could have been done better. I think there are a couple of other "B's" around now – Brown, Bulloch are their names. There were two defects in all of that debate. All through the eighteenth century, or nineteenth century, nowhere at any time in the literature or the law – well, you can find it later on in the nineteenth century or discussions about it – did you find imposed graduation. The other was the definition of income itself that is still living with us – the definition of income which was an extremely narrow one and excluded all of capital gains. Again, that lived on in England until the Sixties and Harold Wilson.

The definition of income was derived by those of the ruling class and the aristocracy of England who were willing to impose taxes on those newly-rising industrial and commercial classes. It was not defined to include wealth, because they were the ones who had wealth, even though they yielded, after some struggle, to a modest tax on income which came from their wealth and investments.

Now, if your objectives are ever-expanding – and here, living as we are today in the middle of Toronto, they have to be expanding with all the urban problems that your mayor has, all the pollution of water and air, all the housing problems, the objectives of the nation must therefore expand to encompass them – then the purpose of tax reform is to derive the revenue that will enable us to resolve our problems.

The Economic Council, in its last Report, suggested that the total of the gross national product that presently accrues to all governments – federal, provincial and municipal – is approximately 33 per cent, but that to resolve many of the problems facing Canada this might well move to thirty-seven per cent in the next four or five years. And this is true. I am saying nothing here, between distinguished representatives of the Province and of the City of Toronto, about current distribution of that pie. But the three governments are facing these challenges together. The purpose of the White Paper, among other things, is to gain the revenue that we need to accomplish our objectives and to distribute the burden more fairly among the various classes of people. Such distribution, of course, must be – can only be – dependent upon the circumstances of the people who are being taxed, by which I mean their ability to pay.

So you see that the White Paper is now including something that Pitt left out in 1799 and Sir Robert Peel in 1842. We are expanding the definition of "income" to include gains from capital. If we want to conduct the debate on this level, I think we could have a good debate. But let us not start out with the flat position that this is socialistic and communistic and, therefore, the more coupons that are clipped out of the newspapers and sent to members of parliament the better. That is not an adequate or an intellectual response.

Benson has broadened the definition of "income" to include capital gains, plus unemployment insurance payments and why not? A man could be working for eight or nine months and gain six or seven thousand dollars and then for the other three months draw a thousand or fifteen hundred dollars by way of unemployment insurance, but it is all revenue. The definition of "income" is not just aimed at people in the Empire Club; it is concerned with people who have revenue, who have an increase in their capacity to buy goods, whatever may be the source. And so, the man with seven thousand dollars from labour and fifteen hundred dollars from unemployment insurance has an income of eighty-five hundred dollars, and should be taxed accordingly.

What Benson has also done, at the same time as he has broadened the concept of income itself, is to take a look at the word that the tax experts of the nineteenth century ignored, and that was introduced about 1904, or 1906 either under Asquith or just before him. He has taken a look at the use that has been made of the graduated income tax. He has said that, given the broadening of the definition, the gradation of the income tax rates is far too high – and at 80% it certainly is – and he has brought it down to 50%. But of this we see or hear very little.

Of course, there are all kinds of problems – for example, revaluation. He has said: "Well, perhaps, this is too soon." But I think that there is a case that can be made for it. We are willing to hear and we want to hear sophisticated arguments against it, and since this is an honest attempt to invite from you the impact that this particular measure might have on you, I think you owe it to us to tell us your reasons why and not list the members of particular Liberal federations that you happen to know.

Small business? All right, I was a member of that committee. I have been in small businesses. I may be going back to small business, I don't know! I find no difficulty in the one single tax rate. You can argue whether it should be 50%, or something else, but all the arguments for bringing it in are extremely well known. If I were a small businessman, I think I would insist on alternative proposals. Tax me at 50 per cent, but do something about capital cost allowances because a small businessman has his major problems. He probably has all the initiative and enterprise and drive in the world, or he would not be going into it; his managerial and administrative capacities are probably all there. However, his problem is funds. So give him accelerated depreciation or immediate write-offs, and then define a businessman the way he defines himself because some small businessmen go into small businesses and they are very happy to stay there. They have a nice, legitimate income which they can juggle between the 21 per cent that currently exists and whatever is their personal rate, and they are quite happy and content to stay there.

However, that is not particularly the type of person for whom the argument is being made. It is being made for, and on behalf of, young, aggressive and dynamic people who want to expand and cannot because of the drain of taxation. If a man borrows $100,000 to buy capital equipment, then he can charge that off in a year and make $100,000. He can charge it off in two years, if it takes him two years to make $100,000, or he can charge it off in 20 years, if he is only interested in making $5,000 a year.

He defines himself to the extent of how aggressive or non-aggressive he is. But the really aggressive one, who is able with an accelerated capital cost allowance and who has a target of $100,000, will run like mad to make $100,000 in order that he can charge off the depreciation. It may take him more than one year. Charge it off in two years or three years. And then, if he does do it, he has a profitable business, he has not paid taxes unless he has done more than that, and his condition with the bank, I would imagine, would be an extremely healthy one. Moreover, he can start it all over again.

Let me come to mining depletion. You know, as I said, Sir William Pitt had to do something about this in 1799, and it has been a "sacred cow" ever since. For some reason there are industries in this world that should be more favoured than others. I don't know whether it is because they contribute more to the welfare of the country. They make that argument. But any industry that I can think of will contribute more to the welfare of the country than it presently does if it had some of the tax privileges that the mining and oil industries presently have.

I think the best remark that I have ever read about this issue has been by one of your guests here today. I suppose he must have been writing about, or talking about, the fact that Canada has to do it because the United States has done it. You know the flak against it down here. I think he wrote something like this: "Because there is a cultural lag in the United States, there is no reason why we have to imitate it up here."

The middle incomes – are these the people who are hardest hit? Well, yes. But, as you know, if we have certain objectives, then this is where the revenue is. I don't think that the emotional argument that the whole middle class is going to move south of the border is a particularly strong argument. I know how I myself feel about it. I feel that if Canada could ever accomplish half of its objectives that our people in Canada want, then this would be a very different country. Not that we would go out and force it on people. We want so very many things that the Americans want. We ape their methods of production and management because they are the best in the world. But there are other things that we can aspire to and want for ourselves that will make this a country where you will want to live, even if that tax table running down does show that there is a difference. Because, while you may gain a few dollars taxwise by moving south of the border, the Canada that we are all thinking of should be one where the quality of life is so much better than in any other part of the world that it will take many more dollars than the difference in those two comparative tax tables to persuade us to give it up.

All I am trying to say, to repeat what the Prime Minister has said, and also what Mr. Benson has said so very many times, is that the White Paper is a good paper in the view of those of us who worked on it, and on the Carter Commission. Certainly, it can be modified in some respects. But, when you bring your arguments to us, don't bring them simply from the point of view of the particular interest that you represent. I think that if there is something that Mr. Benson has accomplished, he has accomplished what I accomplished when I decided to put up the rates on second-class mail. That affected the newspapers of the country. They thought the reform of the Post Office was a good idea until the second-class rates went up.

Tell us what are the objectives that you want to see dropped. Tell us the reasons why mining and oil companies – and you can find dozens of them – have never paid a nickel's tax. Ask yourselves should it continue like that, as a burden on other parts of the economy? But most of all tell us what image of this country we should really be working from. If we start on that level and with the same attitude, then I think that you and I and my colleagues can conduct a very satisfactory discussion about the ways of generating the revenue that will achieve the kind of Canada we are seeking.

I want to say one final thing to you. Perhaps some of you will go away with the idea that Benson isn't so bad after all. I think there is a lot in this. Therefore, if you see him walking down the street, I think you would be well advised to go up and shake him by the hand and ask him how his health is and tell him: "Take good care of yourself, Benny-boy." And then, that night when you see him on television, you, too, can get a little religion, as my colleagues say I have. And you should thank the Lord because, looking at jolly old Ben, I can tell you have every reason to do so. Thank the Lord when you see Ben because there, but for the grace of God and Pierre Elliott Trudeau, goes Kierans.

Mr. Kierans was thanked on behalf of The Empire Club by Dr. Murray G. Ross.

MARCH 26, 1970

Higher Education in Ontario: Who Goes? Who Benefits? Who Pays?

AN ADDRESS BY Dr. D. T. Wright,
CHAIRMAN, COMMISSION ON POST SECONDARY EDUCATION IN ONTARIO, AND CHAIRMAN, COMMITTEE ON UNIVERSITY AFFAIRS

Ladies Day

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

The story is told that the late Stephen Leacock, when teaching economics at McGill University, often used to pause half-way through a lecture and remark to his students: "Well, that's all you've paid for; the rest you are getting from the goodness of my heart." Among his varied responsibilities, Dr. D. T. Wright has the task of ensuring that, even in the age of transplants, there should not be undue strain on professorial hearts.

Compared with the days of Leacock, there are enough strains in evidence. The groves of academe have been swept by brush fire in recent years and their tranquility upset by periodic turbulence. Not all institutions are equipped with the remarkable protection evident among the Warden and Fellows of Wadham College, Oxford. To a group of students who presented a list of non-negotiable demands, the College staff replied in the following manner:

> "Dear Gentlemen:
>
> We note your threat to take what you call 'direct action' unless your demands are immediately met. We feel that it is only sporting to let you know that our governing body includes three experts in chemical warfare, two ex-commandos skilled with dynamite and in torturing prisoners, four qualified marksmen in both small arms and rifles, two ex-artillerymen, one holder of the Victoria Cross, four karate experts, and a chaplain. The governing body has authorized me to tell you that we look forward with confidence to what you call a 'confrontation', and I may say even with anticipation."

Such is the world in which our speaker must work. Now, let me tell you about the speaker. Douglas Wright is an engineer by profession and an expert on problems of stress and strain in structural engineering, hence his affinity for university administration is natural. A native of Toronto, he was educated in each vertex of the North Atlantic triangle: a B.SC. in civil engineering from the University of Toronto in 1949, a M.S. from the University of Illinois in 1952, and a PH.D. from Cambridge University, where he was an Athlone Fellow in 1954. His contribution to higher education in Ontario has been recognized by honorary degrees from Carleton University and Brock University.

Dr. Wright is a highly practical man who has managed to keep a hand on applied engineering as well as a finger in engineering research. Perhaps his most noted contribution to university affairs, prior to his present appointment, was the period 1959-1966 when he served as the first Dean of

Engineering at the University of Waterloo. In that capacity, he was responsible for implementing the co-operative programme and for developing one of the largest undergraduate and graduate engineering schools in Canada. The battle of Waterloo may have been won on the playing-fields of Eton, but the acceptance of the part-classroom, part-apprenticeship system at Waterloo University was won largely by the perseverance of Douglas Wright.

His public activities are numerous and his international interests many-sided. He has twice been a visiting Professor in Mexico and has toured Africa on behalf of the Canadian Universities Foundation to investigate aspects of higher education on that continent. His publications on structural engineering and engineering education appear in a variety of Canadian, British, American and international journals.

Today, however, he occupies the pivotal position in higher education in Ontario. The Ontario Committee on University Affairs was established as a liaison body between the Ontario Government and Ontario universities on all aspects of development and financing of higher education in Ontario. Dr. Wright became a member in 1964 and, subsequently, the first full-time Chairman. Among other achievements, the Committee has pioneered in formula-financing for grants to Ontario universities. It is perhaps characteristic of Douglas Wright that one full-time job is not enough. Consequently, when the Honourable William Davis appointed a Commission on Post-Secondary Education in Ontario, last year, he chose Dr. Wright as Chairman.

The President of an Ontario university once remarked that parents send their children to university for one of two reasons: either because they went themselves or because they didn't. Whatever the motives of parents, the man who will chart the future of post-secondary education is with us today. To tell us about "Who Goes? Who Benefits? Who Pays?", I am pleased to introduce Dr. D. T. Wright.

DR. WRIGHT:

Mr. President, Ladies and Gentlemen, when I am introduced as an engineer who has strayed a little from the technical side, I am reminded of Mark Twain's comment that just because a man is an engineer it doesn't mean that he knows anything about engineering, it only means that he doesn't know anything about anything else.

As you have heard, the new Commission on Post-Secondary Education is charged with considering how, most effectively, the needs of the people of Ontario for post-secondary education can be met during the next two decades. Given all that has gone on in the development and expansion of universities and other kinds of post-secondary educational institutions in the past few years, it might seem on the one hand, that we have already established a pattern that will carry us for at least another decade or more; or that, on the other hand, such a study might better have been undertaken five or more years ago.

It is, in fact, the very magnitude and character of our accomplishment in the past several years that makes it necessary now to take stock of where we stand so that we might determine the best direction for future policies in the face of some challenging conditions. Some of you will recall that in the days before the Armed Forces adopted the unisex uniform the Air Force used to have a shoulder badge showing an albatross in flight looking over his shoulder. He didn't seem to give a damn where he was going – he wanted to know where he'd been.

We have all noticed new campuses and new buildings for post-secondary educational institutions in the province in the past few years. Few realize, however, the scale and character of our recent accomplishments in providing opportunities for post-secondary education in Ontario. If we look back the twenty years that the new Commission is asked to look forward, we find that 1950 was the peak year of graduation of the returning servicemen from the Second World War. This may be something of an omen. Canada's first great experiment in mass, democratized, higher education has never been fully documented but was an enormous success. Large numbers of young people were encouraged to pursue higher education, including many who had not even been to high school who were given short crash courses to overcome admissions hurdles. Not only were the doors opened, but financial assistance was provided, including subsistence allowances. Physical facilities were improvised but effective, and there are probably not a few here today who remember, as I do, the Ajax "lines".

We can find a better base point for our analyses in the year 1954, by which time the ex-servicemen had all cleared the system. Enrolments were then at their lowest post-war ebb. In 1954, we had just under 30,000 full-time students in post-secondary education in Ontario, of whom about 70 per cent were in universities, and total Government operating grants were less than $10 million. There were then four provincially-assisted universities.

In the decade to 1964 enrolments just managed to double to 60,000 reflecting an average annual growth of about 3,000. But in the five years from 1964 to last fall, full-time enrolment in post-secondary institutions in Ontario increased from 60,000 to 160,000, that is at an average rate of 20,000 a year. In this period of explosive growth, the number of provincially-assisted universities increased to 14, and a system of 20 colleges of applied arts and technology was created while Ryerson Polytechnical Institute continued to grow, and other significant developments such as regional schools of nursing were introduced. Not surprisingly, the cost grew too. In 1969-70, the estimates of the Government of Ontario show some $535 million of ordinary expenditure committed for post-secondary and adult education along with some $170 million for capital development, leading to a total cash flow of over $700 million from the Provincial purse alone. This, of course, does not include other sources of finance such as contributions by parents and from students' own earnings, nor, of course, does it include the cost to both society and individuals of lost wages.

The Province has a good record and has won considerable esteem in other jurisdictions for its administrative patterns and policy developments affecting post-secondary education. The Department of University Affairs was founded in 1964, and, with the Committee on University Affairs, has worked to provide for university expansion with adequate regard for questions of cost-effectiveness and economy. Both because of concern for university autonomy, and a clear realization that such a large system needed the maximum impetus for decentralized decision making with local authority and responsibility, there have been developed systems of formula grants, based on objective criteria, for both operating and capital support.

These formula notions, developed and used first in Ontario, have been copied now in several other jurisdictions. They stand in distinct contrast to traditional patterns of line-budget review and/or so-called deficit financing, in which there is an inevitable tendency to scrutiny and control of every element of expenditure. This is of course absolutely stifling to local initiative and efficiency and, experience suggests, never leads to very effective control of total costs, anyhow. The formula system not only preserves university autonomy but gives government a simple pre-emptive control of unit costs, relating total costs to the numbers of students enrolled. With the formula there is a real incentive for the universities to be efficient and to manage their affairs well; any notion that improvement in efficiency in an institution will lead to a corresponding reduction in support is offset. Long-range planning is greatly facilitated. Rather than limiting initiative the formula system gives freedom to individual institutions to order priorities and take necessary decisions. And, importantly, private donors are assured that gifts for operating purposes are an added resource to the university and not a substitute for public support.

The formula for operating grants has been in use now since 1967, and an interim formula for capital grants was introduced last year, although further work remains to be done before final details are resolved.

Since the formulae relate support to enrolment, there is a clear and simple inhibition against unnecessary duplication of academic programmes. An institution must be able to anticipate sufficient average enrolments before inaugurating new programmes. This is really a kind of market regulation which experience shows to be working effectively.

Notwithstanding these features of the financing systems adopted in Ontario and the high point at which we stand now, costs are, of course, continuing to rise rapidly.

This reflects the conjunction of a number of factors. First, the number of young people in the 18-21 age group continues to increase rapidly. The birth rate in Canada has stopped growing in the last couple of years and, in fact, tended to decrease. But the number of young people of college age, which has increased so very rapidly in the 60's, is still increasing at about 10 per cent per annum and will continue to do so through the mid-70's. Beyond this, the proportion of young people attending full-time post-secondary education is increasing at a rate of some two per cent per annum. A recent report by the Economic Council of Canada on national trends projects full-time enrolments in post-secondary institutions in Ontario to increase during the 1970's from the present 160,000 to almost 400,000. Cost increases of close to two per cent per annum can also be anticipated because of a significant continuing shift towards more advanced programmes and graduate work, which are of course more expensive. Another two per cent annual cost increment arises because tuition levels in Ontario have been kept fixed for some years and accordingly represent a smaller fraction of institutional income every year.

With all these factors, large and small, compounded, and the cost of inflation thrown in, it is not hard to see how costs have been rising at nearly 25 per cent per annum over the past few years without much provision for net improvements in relative quality standards. As I noted a few moments ago, the pressure of increased enrolment arising simply from population is beginning to abate, reflecting the decline in the birth rate that started in the early 1960's. But it is not hard to see how total costs can be expected to continue to rise at a compounding rate of 15 or more per cent per annum through at least to the mid-1970's if we continue our presently established policies. This is pretty sobering.

Beyond all this and notwithstanding the very real accomplishments of the past five years, there are clear evidences of important unmet needs. All these along with a critical review of present policies and beliefs combine to form the focus of concern for the Commission on Post-Secondary Education.

Given the enormous rates of increase of enrolment in post-secondary education in the past few years, can there be any significant unmet needs? The commitment we have made to the development of post-secondary education in these past years reflects generally held views that higher education is a good thing, benefiting the people who attend and society as well. If we accept this view then we must acknowledge the fact that two groups are now largely missing from post-secondary education whose attendance and participation would presumably be of general benefit.

One of these groups is made up of young people from families of below-average economic or cultural levels. While we have achieved near-universality in secondary school attendance, the likelihood of a young person attending and graduating from a post-secondary educational institution is still strongly linked to the cultural and economic situation of his family. The Ontario Student Awards Programme has had an enormous impact in the past few years in reducing the significance of economic barriers to higher education, but it remains that attitudes and anticipations formed long before a young person is prepared directly to consider post-secondary education can affect his chances significantly. (Too many people are trapped in socio-economic cul-de-sacs.) This remains so notwithstanding the fact that during the past two decades the proportion of young people attending university or college in the 18 to 24 age group, (the six-year span embracing post-graduate and professional studies) has tripled from six per cent to over 18 per cent. The development of new universities, and especially of new non-university programmes, has greatly broadened opportunity and has undoubtedly led much larger numbers of young people from all social backgrounds to consider post-secondary education. Christopher Jencks, the American sociologist, has shown that such a pattern of increased participation, while benefiting more of the most gifted children of working class background, also tends to bring in many more of the less able children of middle and upper-middle class families. There is no reason to expect a different experience in Canada. As Jencks puts it, the fear of downward social mobility is greater than the desire for upward social mobility. Research on questions of social selectivity in education is not easy, but the Commission obviously must address this question.

The other great need for post-secondary education that I sense to be still largely unmet is that of adults. Relatively few adults who either missed the opportunity initially on leaving high school to enter full-time higher education, or who might now benefit from further education to live and work more effectively are to be found either in full-time or part-time study. Some estimates recently made in Scandinavia, where conditions are remarkably similar to those in Ontario, have suggested that to offset obsolescence and to provide for upgrading six months full-time study might reasonably be required for most workers every five years.

It is clear that to extend present programmes to attempt to embrace and satisfy the unmet needs I have described, while carrying on with the ordinary trends of expansion and development, would add greatly to the cost escalation already outlined.

The issue of soaring costs is of course already reason enough to study post-secondary education. In Britain there are signs now of intense concern on the part of government about the costs of post-secondary education. The Department of Education and Science a few weeks ago put out for discussion a set of thirteen points outlining possibilities for cutting costs. These have quickly become notorious for they include such ideas as coupling grant-support for students to requirements for specified kinds of employment after graduation, the idea frankly being that such a policy would either reduce applications or at least lead government to get some prompt and direct return from its investment.

It seems to me to be a little short-sighted to look only at questions of cost without at the same time, if not first, reconsidering questions of purpose and function.

Clearly we should commence with some more careful analysis of higher education and its role in society. It is simply not good enough to believe that education necessarily leads to the better life. Has the great commitment of the American people to education made that country a happier place?

Let us consider then some of the reasons why young people have been flocking to post-secondary educational institutions. Beyond all the good and satisfying reasons are some that are disquieting. Kingman Brewster of Yale University identified one of these at a recent talk when he explained how students feel compelled to attend college or university because of the attitudes of parents and employers. He argued that there is a general perception that higher education provides "an indispensable hiring hall for those who would escape the menial levels of drudgery."

Perhaps even more disquieting is some evidence just now being published that suggests that the holding of a good job at a good salary is correlated much more with academic credentials than with ability and performance. If this is so then we should look for ways to loosen the characteristically tight coupling between academic credentials and job sorting. I have observed all too often that professional groups and employers, especially the larger ones, deny their responsibilities and even their own interests in this process. It is distressing to note how many believe that people can be sorted on the basis of educational certification into tidily labelled homogeneous groups that will be stable for the best part of 40 years. Of course, this is not entirely an educational problem. Educators might, however, try to solve the problem, much as the RAF dealt with war-time German radar, by scattering so much tinsel paper around as to cause total bewilderment. Rochdale's proposal to sell degrees might be interpreted in this way. More realistic might be a move by the professions to periodic reassessment of performance and ability, quite divorced from considerations of formal educational certification.

Whatever the reasons, it is certainly true that those who attend and graduate from post-secondary educational institutions anticipate an enhanced earning power.

Of course, we still have tuition fee charges for post-secondary education. Depending on the course, these cover three to thirty per cent of costs. There have been repeated suggestions that such charges should be eliminated, that is that higher education should be "free" and that students should be paid a stipend in lieu of lost wages. Yet we know that there is no truly free education, under any circumstances. Education may be free to the student while he is a student, but in the rest of the community the consumption of medical services or transportation or food or environmental improvements or something must be reduced to free the resources required for education. It seems clear then that we must take care to ensure that the benefits that accrue to society as a result of expenditures made on education are reasonable *vis-à-vis* possible alternative benefits that would arise from the alternative use of these resources.

Beyond this, we must consider the implications of the transfer of resources through education to certain individuals. It is unjust to require certain groups to make sacrifices which tend, regressively, to transfer resources to other, relatively more fortunate, groups.

The great issue, which is just now coming to be defined, is whether post-secondary education will become universal as secondary education has become during the past 30 years. While the notion of universal post-secondary education may seem to some at first sight to be incomprehensible, it is really no more so than was the notion of universal secondary education and to confirm this one need only review the debates that surrounded the opening of opportunities for universal secondary education a few decades ago. In several jurisdictions attendance at post-secondary educational institutions is already open to all those who simply wish to attend. All of this, of course, implies a pluralistic kind of post-secondary education in which different kinds of programmes are available to suit differing interests and abilities. While this may seem strange to those who believe in "standards", it has to be remembered that the abolition of formal departmental entrance examinations for admission to Grade 9 led to predictions that secondary school standards would be undermined.

The U.S. has already gone a long way towards universal post-secondary education. In some States well over 60 per cent of college-age youth are already entering higher education. Many recent policy directions in Ontario can be seen as leading in the same direction. But in considering universal post-secondary education, we should note two special questions which distinguish it from any simple extrapolation of universal secondary education. The first is that post-secondary is also post-adolescent. The second is, of course, still the question of how much?

No small part of the student unrest in recent years has been due to the enforced prolongation of adolescence into adulthood, under parietal rules, and with the general compulsion for attendance that I tried to describe earlier. It may reasonably be asked whether instead of prolonging full-time study, we might better provide for some kind of transitionary process to facilitate the transfer from learning to doing. My experiences at Waterloo with the co-operative programme in which study and work experience were closely integrated in a kind of progressive internship suggested to me the value of this kind of process as much for facilitating social adjustments as for training. Most evidence suggests that programmes of study are tending to lengthen for a variety of reasons which may be broadly categorized as reflecting a general view that more is better. Where, as is so often the case, longer programmes are designed to provide for ever greater specialization, this trend must be confronted with the increasing rate of obsolescence of specialized knowledge. A strong case can be made for shorter programmes of post-secondary education complemented with opportunities for recurrent study in later years.

To the extent that post-secondary education is universal it may be fair for it to be free. But to the extent that post-secondary education is not universal, a very vexing question remains concerning the distribution of costs and benefits. One of the most important series of studies being planned by the Commission on Post-Secondary Education has to do with the distribution of costs and benefits, both monetary and non-monetary, of post-secondary education. Technically, this is proving to be pretty challenging. It makes me appreciate the description in the recent advertisement for a one-armed economist – to get around these arguments that, on the one hand . . . , but, on the other hand . . . .

If post-secondary education is not to be universal then we might reasonably turn to some of the proposals for loan programmes that have been made. These have the characteristic that opportunity is not a function of immediate resources or parental support, but that progress can be financed against the prospect of future earnings with the whole process embedded in a contingent structure that limits repayment obligations to some fraction of an individual's actual earnings.

The economics of the educational process are also fascinating. Education is a kind of mass-production handicraft industry. It is as labour intensive today as it was 50 or 100 years ago. Other industries were similarly labour intensive in the past, but today they are capital intensive. We cannot really resolve the problems of escalating cost or obtain higher productivity in education without using technology. A major frustration in seeking to move in this direction is the way in which government treats capital, so carefully separated from and forgotten by operating accounts, a free resource – once you have it.

If I have not said much so far about campus unrest it is not because I think that expressions of discontent are unimportant or that all of our problems are over. I do feel, however, that we can take some credit in Ontario for learning how to talk and how to make changes of substantive character without most people getting very uptight. But it would be naive to think that the process of change is largely completed; it is only just beginning. In a recent paper Alex Corry suggested that "the tensions between academic staff and students will continue to rise. Students who are dissatisfied, but not openly rebellious (and I believe there are many more of these than we think), are finding out that the main obstacle to the adjustments they want is not the obscurantist lay board of governors, not the much reviled president and senior officers, but the academic staff." The issues still to be fought out are the relative emphases between teaching and research, and the egocentric nature of most university or college departments organized as they are around disciplines.

It is no accident that the social sciences have been the principal area of contention. Those young people motivated by a concern about the continuance of poverty, violence and injustice in society, by a desire to work for the survival of the human race, are flocking to the social sciences. They expect to come to an understanding of society and to learn how to contribute to the solution of human problems. They are understandably resentful when they find psychologists pulling habits out of rats. Somehow, programmes of study must be restructured so that we may discover how to mobilize the intelligence of our society and the zeal of the young in solving the problems of survival. In the mean time, any young person who wants to do something about pollution and the environment is better advised to study Chemical Engineering.

Let me come back to some of the policy issues that are implicit in what I've said so far, and that must be faced. Should higher education be planned primarily to promote economic development, or should its primary goal be the equalization of social opportunity? How, in fact, should planning and decision-making be organized? We know that deterministic manpower planning is an impossible dream. What role should there be for the individual in deciding and doing? What chance is there for freedom in individual decision-making when the resources society provides for education are pre-empted by government and employed in a monopolistic structure? Should students, rather than institutions, be funded? Would a free market be as effective as centralized planning? Is it too radical to think that government should manufacture automobiles and the private sector sell education?

Dr. Wright was thanked on behalf of The Empire Club by Mr. Graham Gore.

APRIL 2, 1970

Securities in Ontario: The Role of the Commission

AN ADDRESS BY Lt. Col. E. A. Royce, E.D.,
CHAIRMAN, ONTARIO SECURITIES COMMISSION

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

"The securities industry is a central feature of the capital market in an advanced economy. The extensive reviews of securities legislation in recent years are a consequence of growing awareness of the importance of the (industry's) role. . . . Capital investors, both domestic and foreign, are demanding more adequate information as well as greater protection." Such was the view of the Kimber Committee in March, 1965. A lot of water has flowed under the securities' bridge in five years, but one of the most important contributions to the mainstream of that flow emanated recently from one of the banks, in this case, the Bank of Montreal, in the form of Ted Royce.

Col. Royce is with us today as Chairman of the Ontario Securities Commission. Equally important, however, is the fact that he was the President of the Empire Club of Canada in 1965-66. There is a certain good-natured licence among Past Presidents of the Empire Club and, since I am shortly to be retired to that category, perhaps I may be permitted a poetic commentary:

"A former banker called Royce,
Was thought an extremely good choice;
To ensure full disclosure,
The whole province over,
And the shareholder a meaningful voice."

Sir, by virtue of your distinguished career prior to assuming the Chairmanship of the Commission last summer, the people of this province are assured of creative leadership in the securities industry.

As a fellow insider on the Empire Club Board, I am obliged to provide full disclosure of any knowledge of our speaker's personal prospectus. There may be those present today who are better equipped to do justice to that task, but I prefer not to discharge that responsibility by proxy. Ted Royce has divided his career between the Bank of Montreal and the Canadian Army. His senior appointments have included that of Manager of the Bank of Montreal in London, England from 1958-1961 and Deputy General Manager in charge of the Ontario Division from 1961-1963. In 1963, he was appointed General Manager for Ontario and, in May 1967, Senior Vice-President of the Ontario Division. At the same time, he served as Chairman of the Toronto Advisory Board of the Royal Trust Company.

As a young man, Ted Royce was a member of the Canadian Militia, first in Cavalry and, later, in the Royal Canadian Artillery. Both associations might be considered fitting preparations for his recent post; the behaviour of horses, like securities, is unpredictable and, when the stock market explodes, the detonation is likely to shock innocent by-standers as well as obliterating those directly on target. Called into active service in August 1939, Col. Royce served in Canada, the United Kingdom and Western Europe until 1945. Today he retains his military interest as Honorary Colonel of the 7th Toronto Regiment, Royal Canadian Artillery.

Col. Royce assumed his present responsibilities at a time when the securities industry faced an immense set of challenges born of technological change, constitutional review, the growth of mutual funds, the increasing demand for more meaningful disclosure, and a host of other developments. A former Chief of Justice once described the role of an auditor as "a watchdog but not a bloodhound." In such an era, the Chairman of the Commission must be both.

I recall, as a member of the Kimber Committee, working over the closing stages of our Report. We were in England, at the time, where we laboured through draft after draft (certainly, there is no better place for that process than England). Finally, as we were pondering a rather fundamental point, one of our typists said: "I don't know why you are having such trouble. Surely a stock exchange is not intended to be a gambling casino?" In that sense, perhaps I should now introduce Ted Royce as "The Spoiler", but I prefer to say that we welcome him as an accomplished financial leader and a sensitive public servant.

LT. COL. ROYCE:

Mr. President, Mr. Minister, distinguished guests, and gentlemen: having either introduced or thanked speakers on many occasions such as this on behalf of the Empire Club of Canada, I can only hope that I shall today manage to live down the introduction and in due course merit the customary thanks. In any case, it is a great pleasure and honour to be here with the Club and its members today.

You will remember the story of the chap who arrived home rather late and rather high and was asked for an explanation by his wife. He stated that he had been to a dinner meeting of a well-known organization which had gone on rather longer than expected. He explained that the speaker had been a man of great charm and culture and there had been a bar afterwards. The wife thereupon, still suspicious, said, "And what was the speaker's subject?"

To which after a good deal of thought, our friend replied, "He really didn't say." To avoid this pitfall, may I say at once that the subject today is the Ontario Securities Commission – Its History, Its Composition, Its Organization – along with a description of its work and its plans for the future.

While the first securities legislation in the western countries appears to have been the Act of 1285 authorizing the licensing of stock brokers in the City of London, the real need for such legislation did not appear until the Middle Ages, when the gradual development of large enterprises made it necessary to obtain funds from a number of persons. Originally, the subscriber to such a fund received no written instrument but had to rely entirely on the books of the user of the funds. However, by the end of the seventeenth century it had become the custom to give the subscriber a certificate that identified the fund, the amount of his participation and the payments to which he was entitled. And early in the nineteenth century, it became the practice not only in England but also in the United States to employ the term "securities" to cover a very wide variety of such instruments and the definition of what constitutes a "security" seems to be widening rather than narrowing; for instance, the State of California has now declared franchises to be securities – a step taken primarily to assist in the regulation of the wide variety of ingenious arrangements put forward in this field.

When one thinks of securities one thinks of the Stock Exchange, and it is interesting to note that the London Stock Exchange came into existence as such in 1773 when, leaving Jonathan's Coffee House where they previously met informally, the brokers moved into the stock exchange coffee house and caused the term "stock exchange" to be "wrote" over the door. The New York Stock Exchange came into existence in 1792, when 24 brokers who had assisted in refinancing the cost of the revolutionary war decided on a more formal relationship. Our own Stock

Exchange was formed in 1852 and last year did about 70% of the trading in listed securities in Canada.

Initially, legislation designed to protect the public in the securities field was embodied in various company laws. In 1844, the British Companies Act required registration of companies' prospectuses and by 1958 we find the Prevention of Frauds (Investment) Act and the Companies Act 1948 governing the sale of securities in Britain. In the United States, the first State to adopt a really comprehensive act was Kansas which in 1911 produced the "Blue Sky Law" so-called "because it was directed to speculative schemes that had no more basis than so many feet of blue sky." By 1933 every State except Nevada had a Blue Sky Law, but no federal securities regulation as such appeared until after the stock market crash of 1929. The result of this was the Federal Securities Act of 1933 and the Securities and Exchange Act of 1934 which latter created the Securities and Exchange Commission, the S.E.C. In Ontario, 1928 saw the passage of the Security Frauds Prevention Act, which served as a basis for securities legislation for eight of the provinces shortly afterwards. Later, the Ontario Securities Act of 1945 represented a most important advance in this field – it permitted closing the Stock Exchange although this was never necessary – and its legislation seems to have worked pretty well until the 60's produced the Windfall disaster, the Atlantic Acceptance tragedy and the Prudential Finance fiasco to mention only some of the more notorious cases.

During the post-war era also, automation and the advent of the computer plus the great upsurge in business generally has introduced many problems for the exchanges and for the securities commissions responsible for them. In Ontario, a number of commissions and committees were set up in the early 60's, of which the most important from our point of view was the Kimber Committee set up in 1963 and the Royal Commissions under Mr. Justice Kelly and Mr. Justice Hughes constituted to enquire into the

Windfall affair and Atlantic Acceptance respectively.

The Securities Act, 1966, came into force on the 1st May 1967 as the result of the Kimber Report. Of the act that unique authority Williamson says, "The legislation was preceded by a thorough study conducted by a committee whose care and good judgment are reflected in the fact that even after a long period of drafting, after consideration of critical briefs, and extensive work by the Committee of Legal Bills, the final legislation was almost exactly what the committee recommended in its report." This is the statute that the commission administers. It has been taken into use in five provinces with only minor variations and will probably be adopted by at least two others in the near future. Since it is a new act, we have not yet that body of judicial decisions from which to determine whether certain sections should be rewritten. I refer particularly to Part XII which deals with disclosure in its various forms – this is a complicated subject and it may be that, in some areas of corporate accounting, clarification and strengthening are indicated. To digress for a moment, you will be interested to know that we now have a Financial Disclosure Advisory Board with Mr. Alan Watson, F.C.A., as Chairman and composed of four eminent members of the accounting profession and one outstanding financial analyst. Your Commission hopes to derive great benefit from consultation with these men.

Turning to the commission itself, to quote from the act: "The Commission shall be composed of a Chairman and not more than five other members, one of whom shall be designated as Vice-Chairman."

"The members of the Commission shall be appointed by the Lieutenant-Governor in Council."

"Two members of the Commission constitute a quorum."

"The Chairman who shall be the chief executive officer of the Commission shall devote his full time to the work of the Commission and the other members shall devote time as may be necessary for the due performance of their duties as members of the Commission."

At the present time, the Commission consists of D. S. (Tim) Beatty, formerly of Burns Bros. and Denton, who is well known to you and who is incidentally an extremely important member.

Mr. Harry Bray, Q.C., who is Vice-Chairman is beyond doubt the outstanding expert on securities law in Canada.

Gordon Grundy is a Director of this Club and the very efficient Superintendent of Insurance.

The fourth member, Mr. Forbes McFarland is Mining Commissioner of this province and has served under four chairmen. He is a man of wide experience and excellent judgment.

Finally, and I have done this in alphabetical order, we have Professor John Willis, Q.C., of the University of Toronto Law School. An authority on administrative law, Professor Willis is independent, dedicated and possessed of great charm. He is one of my most trusted advisers.

The Commission meets every Thursday morning and as often as necessary in addition. Members of the Commission submit a list of stock holdings including those of their immediate families on a regular basis. This is no great effort for your speaker whose portfolio consists of 50 shares of the Granite Club required for membership purposes! In this regard, I should say also that the White Paper which is causing so much alarm and despondency in pretty well every walk of life has fewer terrors for me than it had when I was a business executive – indeed, I take a quite detached view so far as Club memberships and so on are concerned – I now have the privilege of paying for these myself!

So much for the Securities Commission; it administers the Act, its five members are appointed by the Lieutenant-Governor in Council and only the Chairman has a definite term spelled out – on appointment I indicated a preference for not more than a five-year stint and this will end, I expect, in 1974, if I survive so long!

Our contact with the Government is through the Minister for Financial and Commercial Affairs, Mr. A. B. R. Lawrence, Q.C., who is one of your Head Table guests today. It is the policy of the Government to encourage – and indeed insist upon – a high measure of independence on the part of the Commission and, while the minister presents the monetary estimates of the Commission in the House and answers questions directed toward the Commission's activities, neither he nor his predecessor, Mr. Rowntree, who is also with us here today has ever endeavoured to influence the Commission in any way on political grounds. I am happy to say that my predecessor, Mr. Langford, reported the same complete freedom from interference.

One would assume that a commission of this sort would have terms of reference – fortunately and in keeping, I presume, with the British tradition against spelling things out meticulously and thereby creating a straight-jacket – you will find no terms of reference in the Securities Act. However, Mr. Justice Hughes in his excellent Report on the Atlantic Acceptance Enquiry mentions "The Ontario Securities Commission – established to regulate the issuing of securities in the interests of the public and for its protection."

Earlier Mr. Justice Kelly remarked with great insight, "When the protection of the investors is mentioned, a question immediately presents itself – 'from what?' It is obvious that the investor can never be fully protected from himself."

You will realize that securities regulation has two sides – first, full true plain and timely disclosure, so that the investor can appraise what he is buying and second, the "blue sky aspect", as to the licensing of those who issue and sell securities. Judge Kelly, in addition to these felt that we should see that amounts in excess of legitimate needs are not obtained from the public, that a reasonable portion of funds obtained reach the treasury of the issuer and that we minimize the influences which inhibit a free market in securities while preventing manipulation of prices. This last concerns us and the Stock Exchange constantly and the excellent surveillance provided by the Stock Exchange is a major factor here. Investigation and enforcement as the learned Judge mentions last in his comments is one of our duties under the Act and I suppose this is the aspect which has caused my children to refer to me as the "fuzz" since I took up the appointment.

You have before you a paper showing the organization of the Commission and I shall make few comments except to say that I have found a high level of dedication and loyalty among its personnel. Some idea of the volume handled in 1969 will be obtained when I mention that insider trading reports alone totalled 1,200 per month, while 2,000 companies report to the Commission annually, some on a quarterly and half-yearly basis. There were 39 takeover bids, 1,500 proxy solicitations received with information circulars and another 1,600 assorted reports to shareholders. In addition, 25,000 public files are cared for, while 1,500 subscribers receive the Monthly Securities Bulletin. Incidentally we are considering working more closely with the other securities commissions across Canada to produce what might be a national bulletin, again, in the interests of uniformity.

Last year, the Deputy Director, filings, Mr. Brown, accepted 687 prospectuses covering issues valued slightly over a billion dollars. This is up substantially from the year before when the total was $650,000,000. Average time from receipt to acceptance of a prospectus is about 21 days while the S.E.C. averages 76. Turning to the registration of salesmen, this increased by 12% in 1969 for a total of 5,239 with mutual fund salesmen showing the most significant increase.

The Legal Department with a complement of 30 has a highly trained staff of investigators working with our lawyers and our chartered accountants. Their day-to-day work is important and ranges from informal investigations – usually about 200 in progress at any time – commenced because of telephone calls, or complaints of various sorts, right through the field of formal investigations, hearings and so on to appearances in court in connection with prosecutions. The last thing I wish to stress is the enforcement side of our work, but unfortunately, we have not reached that stage of human perfection where enforcement is unnecessary. I should like to say that it is my policy to recommend prosecution only when it is clearly in the public interest.

Liaison with other securities commissions in Canada is vital since everyone accepts uniformity of administration as desirable. Our Act is used by a number of administrations and we consult with them before any amendments are made. We are in close and constant touch not only through visits and conferences, but by daily telephone calls or telex messages. Our relationship with the Securities and Exchange Commission in the United States is good and I shall be spending a week with them this month when the North American securities administrators meet at Washington.

Turning now to the important research side, in the recent past we had the Report of the Canadian Mutual Fund Committee Study chaired first by one of the former Chairmen, Mr. Kimber and later by our Commissioner, Mr. Grundy. Next we had the Beatty Report prepared in September 1968 by our Commissioner who was looking into the matter of financing mining exploration in the north.

It will not astonish many of you to learn that the Commission is not regarded with wild enthusiasm by some of our friends in the field of mining promotion. Indeed, it had been suggested that the jingle used in another place at another time is apt – it goes something like this, "We cannot but admire the grace and skill with which you take your course – you have the snaffle and the curb alright, but where's the bloody horse!?" I can sympathize with them to a degree and as mentioned we hope to have a short form of prospectus designed particularly for the mining industry in use later this year.

To further protect the public from possible defalcation of registrants who are not members of a self-regulating body, we are introducing a contingency fund after a study done by Mr. Bray and associates and this should be in operation later this year.

The study of a national uniform Canadian securities administration – CANSEC – by the former Chairman Mr. Langford and associates is dormant at the moment but since it seems to be the only sort of scheme the provinces could accept and since the need for such a scheme is obvious, we hope to revive it in due course. You will have seen the announcement that a merger study has just been published and this was produced by Mr. Bray as Chairman with Mr. Beatty and Professor Willis as his associates – there is no doubt this will be most valuable and may well be reflected in Company and Securities Laws in the near future.

Last summer a study of the unlisted market in Toronto indicated a volume of $7 million a week. Since that time, the Investment Dealers' Association after two years' work have set up a Trading Data Centre which, while dealing only with unlisted industrials at the present, is proving highly successful and will, we hope, expand in due course to care for mines and oils as well.

New by-laws produced by the Toronto Stock Exchange were sent to us for approval in December last and are now being considered by the Exchange membership. As with the Investment Dealers' Association and the Broker-Dealers' Association, our policy is to work closely with these self-regulatory bodies and to encourage them to care for their affairs with a minimum of interference from us.

We hope the Canadian Mutual Fund Association will soon qualify officially for such a role.

Price, Waterhouse, management consultants, set up in 1966 the organization now in effect at the Commission. I felt it desirable to have them look at this again since four years had elapsed since the original study and with the concurrence of the minister this is being done – I should have the report later this month.

I could mention a large number of other studies under way, but important among these is the development of a microfilm service for our files and the development with a number of other people of a central depository to cope with the tremendous flow of certificates that has caused so much trouble in the industry in recent years. Dr. James Gillies of York University is heading a study group on the Mutual Funds Report and will have some comments for us late this summer including the impact of institutional buying. The Moore Committee Report sponsored by the Investment Dealers' Association and the Toronto Stock Exchange on foreign ownership and provision of capital for brokerage firms is expected later this year.

I should like to thank the President and his executive for this opportunity to say something about the Commission and its work. Our role is to protect the investors while at the same time making it possible to raise capital in Ontario for worthwhile ventures with a minimum of fuss. We hope to have an increasingly efficient organization serving the public, but I have found that, when administering an act of this nature in accordance with the principles of natural justice dealt with so adequately by Mr. Justice McRuer, it is not too easy to achieve that degree of dispatch that one expects in private industry. I can say to you that your Commission is regarded as the most sophisticated in Canada, operating under an excellent and improving Act and staffed by dedicated people. If at any time you have cause for complaint regarding our actions or failure to act, then we should like to know (our friends the Press usually tell us) and you may be sure that the matter will have our best attention.

It is after all your Commission; its ability to serve and protect you depends upon men of high standing in the community coming forward to serve on the Commission itself when called upon, it depends on our obtaining personnel, particularly lawyers and accountants, of a superior calibre and finally and above all, it depends on the support of the community and its elected representatives. If we have these then I promise you we shall have a first-class Commission administering your Securities Act with justice, efficiency and understanding as it meets the challenges of the future.

Lt. Col. Royce was thanked on behalf of The Empire Club by Mr. John W. Griffin.

APRIL 9, 1970

The Road to Reform – Ontario Style

AN ADDRESS BY The Honourable John P. Robarts,
P.C., Q.C., LL.D.,
PRIME MINISTER OF ONTARIO

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

Before turning to our main business, I have a brief, but happy task to perform. The President of this Club, being front and centre at all times, is the recipient of any credit for the Club's performance – he will also inevitably be on the receiving end of any criticism. But this Club endures mainly because of the loyalty, interest and plain hard work of certain individuals. Among them, Harold Gillingham occupies a special place – please stand, Harold, for your citation.

For eight years he has organized our Head Table, which means he arranges, individually, for over 500 guests in a single season. Such is his charm, his sense of protocol and, above all, his persistence, that he has become almost an international figure. More important is the place he holds in the hearts of the eight Presidents with whom he has been associated. We have a simple, but sincere, gift for him today – a specially engraved scroll, signed by the Presidents with whom he has worked, including the present Governor General of Canada. I wanted to acknowledge Harold in this manner before our season concluded and at a meeting when so many of his friends would be present. Harold – would you please come forward and accept this gift, which you may take away on one condition – that you promise to continue arranging the Head Tables, in your inimitable fashion, for many years to come.

MR. MACDONALD:

Gentlemen, this is the twenty-seventh introduction which I have undertaken during the current season of the Empire Club of Canada. My natural apprehension of over-exposure would be compensated for, normally, by the awareness that my term of office is shortly to be terminated. Moreover, we welcome today one of the most distinguished of those from whom we have heard this year. For that reason alone, my task should be an easy one. Unfortunately, it is never an effortless task to introduce "the boss" and, when the relationship is one of civil servant to political master, it becomes a most forbidding assignment.

I think of the story told by my friend, Eugene Forsey. He was speaking to a gathering in Prince Edward Island many years ago and the Premier of that Province had agreed to preside and to introduce him. He began by saying: "Well, here's Forsey; I don't know much about him, but here he is!" After the speech, the Premier rose to his full height and growled: "Before he spoke, I said I didn't know much about him – well, I know plenty now!" Five years ago, I did not know much about the Prime Minister of Ontario, but I know plenty now. Although it befits a Deputy Minister to remain silent in the present circumstance, I prefer to conform, at least, to Lord Beaverbrook's definition of the role of my British equivalent, an undersecretary. Beaverbrook once remarked: "The secretary's job is to make statements. The undersecretary's job is to make understatements."

Prime Minister Robarts is distinguished in the service of his country and prominent in the profession of the law;

he was baptised politically in the rugged font of municipal government and has been confirmed in provincial politics by eighteen years in the Ontario Legislature, two-thirds of them in the Cabinet.

Presumably, he grew accustomed to high places at an early age as the result of his birth in Banff, Alberta, to bucking an opposition line while playing football at the University of Western Ontario, and to retaining his balance and equanimity during five years in the Royal Canadian Navy. Active service, between 1940 and 1945, took him to the Atlantic, the Mediterranean and the Pacific theatres, and he was mentioned in dispatches during the Battle of Salerno. After the war, he resumed his studies at Osgoode Hall and was called to the Bar of Ontario in 1947.

On one occasion, Sir Winston Churchill, a brilliant bricklayer as well as a cunning cabinet-maker, was building a wall. He was observed by a critic, whom he put firmly in his place. Told that the wall was crooked, Churchill quickly retorted: "Any fool can see what's wrong. But can you see what's right?" Credit has come to the Prime Minister of Ontario, from men of various political persuasion, for his contribution to a number of events, which have transformed the lives of many citizens in this province, and have been judged "right" by political followers and foes:

- the "Robarts Plan", whereby some high school students would be better prepared for a non-University career;
- the Ontario Foundation Tax Plan to assist in achieving equality of educational opportunity in Ontario;
- the establishment of French-language secondary schools; and,
- the Confederation of Tomorrow Conference in the style and tradition of the Charlottetown Conference of 1864.

"Ontario-1970" is an exciting place in which to work and live. There is no end to our opportunities for creating a truly distinctive style of life. In this society, the man who occupies the office of Prime Minister shoulders a large part of the responsibility for the direction in which that life will take us. His truly important task is to identify and to grasp the fundamental nature of our society at any given time. G. K. Chesterton once described a certain group by saying: "It isn't that they can't see the solution; they simply can't see the problem." Today, we welcome a man who lives daily with our problems and is expected to produce instant solutions!

Gentlemen, were we in the United States, I might have spared myself and you all that has preceded. In introducing the President in Washington, one follows a simple convention with the phrase: "Gentlemen, the President." I dared not import even such a slight degree of implied congressional practice to the very citadel of the parliamentary tradition – the Empire Club of Canada. However, in the face of such remarks as I have already made, I believe that it is now safe to say to you no more than: "Gentlemen, the Prime Minister of Ontario."

MR. ROBARTS:

Mr. Chairman, honoured guests, and gentlemen. Thank you for your very warm welcome and, Ian, thank you for your kind introduction.

I remember speaking to Ian before he joined the Ontario public service. I said: "Why do you not just come along with the Ontario Government? I think it will probably be one of the most exciting periods of Canada's history." I do not think that I have been too far wrong.

His excitement in his present duties as president of this club has nothing to do with the Government other than we negotiated four separate occasions to get me here. Events forbade three of those occasions so I imagine it was with some sense of relief that Ian saw me walk in the door at noon today because things are moving with such rapidity in the world in which we live and work.

I am just delighted to be here. I gathered from Ian this was my last chance if I wanted to speak to you this year, so he too has the ability to issue ultimatums to me.

It is some considerable time since I have been here and had a chance to speak to you. The last time I was here was on the occasion of the Queen Mother's visit. A very pleasant and wonderful occasion that was. It is time we had another visit of that type, I think. I am highly honoured to join the ranks of speakers you have had during the 67 years of your history.

In my remarks today, I should like to deal with some of the broader aspects of the problems we face in Canada and in Ontario. In preparing my remarks I came across an intriguing cartoon in the *Saturday Review* and this cartoon – I have it here – shows a father dinosaur speaking to one of his offspring. They are standing knee-deep in the primeval jungle and the father says, "Look, kid. We are aware of the problems besetting our society and we are working on them."

The exact significance of this, of course, I will leave to you, but I suppose that cartoon and the idea behind it expresses really the timelessness of the eternal predicament in which man finds himself. I hope we will be more successful in finding solutions to our problems than were that dinosaur and his offspring.

I think that we are at least aware of our problems even though we may not always be able to produce instant answers. But we hope that we will be rewarded in the efforts we make. Certainly there is a great deal of work being done to unravel the problems.

You simply cannot solve any problem unless you are completely aware of what it is. Partial solutions, while sometimes necessary, are not always completely satisfactory.

I think we, as a people, are completely competent and able to meet the challenges we face. It is wise occasionally when you think nothing is really going well and nothing really is being done to take a look at history and take some solace from events of other days. Because, in this country we seem to bounce from crisis to crisis. It was the same in your day, Mr. Frost, and it was the same in other days. Yet, somehow we have succeeded in solving these problems and I am sure we will be able to solve some of our problems.

At the moment in our country, we need to attempt to find some consensus at least about the kind of country that we really want. What do we want? What are our intentions? We must spend some time looking at this question because our society is changing very, very rapidly. It seems to me that men of other years had much more time to consider and to ponder and to develop answers to some of the major problems than we have because our society alters with such incredible rapidity. I think that we are making decisions very quickly. We have to address ourselves to the problem, as I say, very rapidly because we have not the time.

I was looking through some records of a fishing club to which a former Prime Minister of Canada belonged. To my amazement I found that at one stage he spent six weeks in this fishing camp. I consider myself fortunate if I can get in there for four days. I use this as an illustration of the fact that I do not think that our predecessors really suffered under the same degree of instant pressure that we do, because of the speed with which things change in our society.

We are spending a good deal of time in the Province of Ontario studying so that we may reach some determination about the kind and quality of life we think our people want in the final decades of this century. Twenty-five years ago a great many of us here today were engaged in waging the Second World War. With us this does not really seem so long ago. And yet in the intervening years transformation in Ontario and Canada has been simply tremendous.

If we look back to the Second World War, then reverse the process and look ahead a similar period of time and project our thinking, we begin then to realize just the magnitude and the extent of some of the challenges that will have to be met in the next twenty-five-year period.

We are very lucky in this province. I do not think personally any of us can take a great deal of credit for it. The Good Lord has been very good to us in the natural wealth that we have and our geographical location. The Good Lord also has provided us with a population that is by and large very vigorous and very active and very vital. Some of our immigration policies have assisted us greatly in this regard. We are lucky, too, that our development has been just that much behind some areas that we are able to take advantage of other people's experience.

We are still able to preserve our own environment. I am certain that we are, if we use proper policies. We still have vast areas of natural beauty that we can preserve. We have an opportunity to repair much of the damage that has been done in the last 100 or 150 years. But we have no room for complacency. We have the time and opportunity to deal with the problem but if we do not take the opportunity that is ours right now, time will run out and time is running out very rapidly. The rate of change is so great and so fast that we are playing for very high stakes indeed, in my opinion.

So we come back to some very basic questions. What in fact do we really want? Do we know what we want? Can we get together to do what must be done? Can we get off the negative, the self-critical and self-destructive and get onto the positive approach to our problems? Are we going to be able to reduce some of what I consider to be the nonsensical competition of governments in this country? Are we going to be able to get together and look after our people co-operatively rather than always in an adversary position? I must admit I find this very depressing personally. I do not like it and I do not think it is right or good for Canada. Can we develop in our country some sense of urgency to cope with our problems? Can we develop the type of commitment and especially the co-operation that, for instance, World War Two brought to our people? Can we develop that type of feeling in peacetime?

The stakes for which we are playing in this country today are just as high as were those stakes we fought for in the 1940's. So, if we are going to control our own destiny and if we are going to decide what we want and if we are going to make an effort to achieve it, then we must be prepared to make certain commitments. And let us face it, we are going to have to accept some personal sacrifices which will be for the benefit of our society as a whole.

During the 1960's we in Ontario enjoyed one of the longest sustained periods of economic expansion in our history. I would point out that during that decade our gross provincial product ran from $15 billion to $34.7 billion and we estimate it will exceed $80 billion by 1980. During the same decade, in the 1960's, our population expanded by approximately one quarter from 6.1 million to 7.5 million. We anticipate it will reach 9.1 million by the end of this particular decade. These are relatively simple yardsticks by which we can get some measurement as to what lies ahead of us.

During the 1960's a new generation of Ontario residents grew up. A new generation of Canadians grew up in that ten-year period. Their experience and the views they take are not necessarily our own. Their experience is not coloured by the Depression of the Thirties nor is their experience coloured by the blood and tears and difficulties of wartime. This generation is probably better educated and more aware. I notice a great awareness among our young people today. They are interested. They know more. They are more highly educated. More tools are being put in their hands and in their minds.

Their aspirations and their values are being shaped and have been shaped by circumstances quite different from the influences that made me and our generation what we are. They are much less concerned, for instance, with the rather frenetic activities of producing economic growth and wealth for their own sakes. I think that our generation, having come through the Depression and the war, and with the great backlog of things that were not done in those wartime years, have been preoccupied with economic growth and economic development. I do not think the generation below us have that same great sense of urgency for economic expansion for its own sake. I think this is beginning to appear in some of the attitudes that they are taking.

They appear to be much more concerned with the ends we will achieve with the wealth we have created, rather than just the creating of wealth. They are much more concerned with the values of our society. I think some of us will have to shift our positions and start to think of the values, and what are we going to do, and what use we are going to make of the wealth we have been able to create.

We must, of course, pay attention to the positive side of what these young people are saying and thinking. We must ask the same questions that they are asking. When you put them simply you can understand their bewilderment.

For instance, can you continue to accept the co-existence of hunger and wheat surpluses? That is a pretty simple concept. We have accepted it all our lives. I am suggesting there may be some young people coming along who are not prepared to accept the fact that these two things can co-exist, where you have hunger and food surpluses side by side. Can we accept the vast sums of money, for instance, that are being spent on weapons of destruction when we have so many positive things that are undone in our own society and with our own people? Can we really justify some of the things that are done in the name of economic advancement to our environment?

These obvious questions are all being raised today in a very positive way. Can we accept our usual approach as to how we treat our resources? I think these are some of the basic questions that are being forcefully put in front of us today. I have come to the conclusion, in any event, that perhaps it is we, in our generation, who need to do more of this changing. It is we who need to shift our positions, and it is going to be uncomfortable.

This is one thing you learn in government. As soon as you change anything that has been in existence for any period of time, human reaction is automatically against change because, of course, change is always uncomfortable. But we are going to have to do it whether it is uncomfortable or not. In fact, as a government, we are in the throes of suffering for some of the things that have been a little uncomfortable but nonetheless things that we had to do if we were to accept our responsibilities.

We need to demonstrate to all the people of our country from coast to coast that we have a real, abiding, humane and sincere feeling about the effect of anything we do as governments on each and every individual. We must demonstrate clearly that as governments we are using our resources to their maximum potential to improve the quality of life for everybody, and I mean everybody, in our society.

We can no longer tolerate different levels of quality for different people. This must be demonstrated not in pontifical phrases in front of the Empire Club but in actions that are producing the results we talk about.

As we enter the Seventies, we think there are three main areas of concern with which we will have to deal.

The first of these is the role of the individual in our society, the preservation of the individual's right and preservation of his opportunity. This is a matter of increasing concern because as a government increases its role in the total life of our society, it inevitably encroaches upon the rights of the individual. We must never forget that any time the state takes over any function whatsoever from the individual, the individual loses some small part of his decision-making rights, of his control of his own activities and his own life. So we must address ourselves with even greater vigour to the preservation of the rights and the position of the individual. We have undertaken a good deal of work in the last ten years.

Secondly, we must be concerned with maintaining the economic growth of our province in order to provide opportunities for the people here. Inexorably our work force grows by about 100,000 people each year. That is the number of new jobs we must create. We must provide a climate in which those jobs will be available.

Then, of course, we must be concerned with our environment and with the quality of life. In these simple words lie a very large range of governmental activity indeed. We have to start thinking about the quality of life that our children and our grandchildren will expect us to provide for them because if we do not do it now they will not have it when they want it. These things take time.

So we have three major elements and you can group most of our concerns in these three. The role of the individual, the continuance of economic growth and the management of the environment in which we will live. With some refinements and definition over what we did in the Sixties, these three areas will continue as the basis for our plans in the Seventies.

Just to give you some reference to what we have done in the Sixties, the Ontario Human Rights Code became a truly vigorous and functioning code. We established the McRuer Royal Commission Inquiry into Civil Rights. That study is going to be, in my opinion, one of the truly monumental works and efforts that will have been produced in this period of time. We have provided legal aid for our citizens. This is a great step forward in the preservation of rights for the individual.

We have developed a broad and sophisticated system of education in the province which once again directs itself to the individual by permitting him to become properly aware of his own capabilities and the knowledge of other people of other times. We completed in the Sixties a network of fourteen universities and twenty colleges of applied arts and technologies. This was all done in a relatively short ten-year period, and it is having its effect on the entire quality of life in this province.

We have broadened the elementary and secondary school system enormously in that ten-year period. We have also reduced the numbers of school administration units. When I was Minister of Education, there were about 4,500 school boards in this province. Today there about 110. Do not think that was not done without some pain and anguish; in particular, just figure out the number of elected positions we destroyed. Of course it was difficult. It never occurred to us it would be easy but we still think we would have abdicated our responsibility had we not done it. And, there will be other things, I am afraid, that will not be any more popular than that before we finish.

These things had to be done and they were done. We are really quite proud of what we have done in the field of education. We hope our people will be proud of it because, believe me, they have paid for it.

During the Sixties we extended our health care facilities, another personal area dealing with the rights and position of the individual. We have also instituted many changes in municipal government and we will have to institute more. Once again this is an area where there will be some sacrifices in order to achieve a better way of doing things. We are far from finished with what we will do in the municipal field.

Two weeks from today, at the Ontario Science Centre, we will convene the first in a series of provincial-municipal conferences. We will meet so that we may go ahead with the large problem of municipal reform with the full knowledge on the part of all as to what we are doing. We are launching with this particular conference a very searching examination of the problem. Here once again we must start by delineating the problems that face our local municipal governments.

We want to work in co-operation with them in finding the answers. We will exchange views. We will search out fresh approaches, for instance, to the financing and reorganization of the structure itself. We hope that we will be able to press on and get a similar type of co-operation with the federal government because the time has gone, in my opinion, when we can hope to function independently of one another. It just will not work.

We are going to have to develop a much closer system of co-operation with the federal government, just as we are proceeding to do the same thing between ourselves and the municipalities. We cannot live in isolation from one another.

Those are some of the essentials in this area that must be dealt with in the next ten years.

For several years we have been working in the province to create a programme of regional economic planning and development. This is going to bring some large changes in thinking by our people and by our governments. For instance, we want the better dispersion of people throughout the ten economic regions into which we have divided Ontario. We are not going to be able to allow people just to go where they want, because this may create many problems. We need planning to make sure that we make better economic use of our resources. We will be calling for more orderly land planning and use of land; of course, as always, there will be difficulties in this area.

In 1966, we launched this programme with a statement I gave in the House called "Design for Development". Later we went through Phase Two of "Design for Development". This is a very difficult task indeed because we really have no precedent to follow. We are breaking new ground, trying to find new ways of doing things.

Mr. Frost, of course, took a huge first step forward when he created Metropolitan Toronto. As I recall there were thirteen municipalities and only one of them approved of what you did. But had you not done it, Mr. Frost, what a mess we would be in today. One of the major problems facing the big cities of the world is the question of fragmented local government, where it is not possible to get things done on a broad basis. So against the wishes of certain people, Mr. Frost, you did what you did. We are all duly grateful that you did this in Metro the way you did it. We are going to hope for the same type of thing in our regional development programme.

We have completed the Metropolitan Toronto and Region Transportation Study, commonly known as MTARTS. This analyzed the future growth and requirements of the most highly developed area in Southern Ontario. In MTARTS we started dealing with transportation but we found we could not deal with transportation in isolation. We were automatically led into total examination and total planning for the whole area.

Therefore, as we move into the Seventies and these problems come to us, we in Ontario are about as well prepared to deal with them as any jurisdiction we can find. The only problem in government is that if you get too far ahead you are liable to lose your basis of support. It does not matter how many wonderful ideas you have, if you cannot get elected they are no good. Therefore, there are some fine lines to be drawn in how fast you can move and how far. What I am doing today is setting the scene for some of the things we are going to have to deal with. I say "we" collectively because they are going to affect every person in this room, every person who may see me making these remarks in some other parts of the province. Because, we must become accustomed to the idea there are going to be greater controls on our activity.

Now, if you accept that as a thesis, you can see how important it is that we also develop the protection of the individual because he is inevitably going to be subjected to more controls for the benefit of all. There will be greater controls in the use of land. There will be controls, in my opinion, that our people are not necessarily used to. I want them to understand why we are doing it. If we are to do what must be done to avoid the enormous urban problems of our neighbours in the United States, governments will have to step in and say "Thou shalt not". If they say that, they are going to have the understanding and the agreement of the people to whom they are speaking because we cannot do it in a vacuum. It can only be done if people really understand that it is not for the government that we are doing these things; it is for the people who ask us to look after their total interest.

On Tuesday, May 5th, at the Queen Elizabeth Theatre at the Canadian National Exhibition grounds, the proposals of this government will be released for the long-range economic development and orderly growth of the region which encompasses a 90-mile arc around Metropolitan Toronto. These proposals are called "Design for Development: Toronto-Centred Region". We started with this area because it probably is the area which most needs some type of control.

"Design for Development: Toronto-Centred Region" is the outcome of comments and suggestions which followed the release of the MTARTS report, the planning study which started out to be a transportation study, some two years ago. We had been at work on this for some six or seven years to arrive at the position where we could submit to the people of the area conceptual proposals for their consideration and understanding.

Believe me, we are not imposing this. It is being put forward as a result of years of study so that people can understand the problems and the proposed solutions. I am quite certain there will be much comment. I am quite certain that before implementation there will be many changes made. And I am sure you will all agree that the question of the eventual size of Metropolitan Toronto cannot be treated as a separate question apart from all the rest of the province and particularly the orderly development of the central part of the province.

We are concerned. Our plans are designed to assist us in dealing with the problems of congestion, transportation, pollution, balanced economic growth and the quality of life, and by this we mean green spaces and open air, fresh air parks, access to water, fishing and shooting, skiing and camping, and all the things that people want to do. That is the quality of life which is so very important in the years ahead. None of these things can be done in isolation. Therefore we are going to have to have co-ordinated planning unprecedented in our history. These are the matters which will be discussed in the report on this Toronto-Centred Region. We hope this report will stimulate a careful examination of the proposals by all of those who are interested. Eventually it will lead to the adoption and implementation of a total provincial planning policy.

As we move ahead we must continue to pursue our goal of sustained economic growth, because only by so doing can we hope to meet the rising level of expectations among our people. Furthermore, if we cannot maintain a very dynamic economy in this province we will not have the funds to do these things for society which we think must be done. Therefore, the whole structure is based on a sound economy and that must remain one of our primary goals.

As you can see, many of the problems facing us will be in this area of combining individual rights with the social goals of our society. I foresee a larger role being played by government in all our lives in the years that lie ahead. I cannot say I am particularly happy about this because I am not happy about the intrusion of government into our private lives. Nonetheless, I do not see any other way that we can deal with the many extremely large problems which face our people today.

One encouraging note is that I am assured by the Deputy Treasurer it does not necessarily mean that, because the government may play a larger role in our lives, it will necessarily spend more of our money for us. I think that point should be made.

We are going to have to work out some new types of partnership between the government and the individual and between the government and industry in order that we may achieve these goals which, as I say, do not necessarily involve large expenditures of money. Once again this type of partnership I am speaking about must represent a consensus among us as to what we want and what commitments we are prepared to accept in order to achieve that type of life we want.

This is the type of planning and the type of partnership which we must encourage. It will be new to us. We will be breaking new ground. Frankly, it appeals to me as being very exciting indeed. As a government, we will do everything in our power to achieve the type of life we feel the people of Ontario want.

From my knowledge of the people of this province I am confident they will understand why we must do what we have to do. I am quite certain they will support us when we do it, if our explanations and our communications are proper and if people really do understand why we do the things that we do.

It will require that some individual rights take second place to the rights of the group, because as our population increases and these matters become more complex, the group has to be considered to an extent that the group has not been considered, perhaps, heretofore. We may have to ask that the people submerge some of their positions as individuals in the interests of long-range planning and in the interests of establishing a proper and fitting place for their children and grandchildren. If this is understood, we will have no difficulty.

I would just end on this note. All this to us who are in the government is exciting indeed. We have complete and absolute optimism in the capacity and ability of our people to meet these problems and to deal with them. I am sure that coming up in the generations which follows us is the vigour and vitality and free thinking which will make it possible for us to create these changes.

All of you, of course, are very active participants in the province at this time. Let us look upon it as a most stimulating era in the life of our province. Let us not succumb to the much too prevalent pessimism about what the future holds, because all is there for us to accomplish if only we will.

Mr. Robarts was thanked on behalf of The Empire Club of Canada by Mr. R. H. Hilborn.

APRIL 16, 1970

Improving our Environment – At What Price?

AN ADDRESS BY Mr. Adolph W. Schmidt,
UNITED STATES AMBASSADOR TO CANADA

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

Diplomacy may truly be the art of the possible, but there are varying interpretations among individuals as to the meaning of possible, as the *New York Times* was reminded at the time of the first moon-landing. To judge from the career and commentary of the new United States Ambassador, Adolph W. Schmidt, he is a man not easily daunted or discouraged. We can look forward, then, to increasingly cordial relations between Ottawa and Washington, and we would add our welcome to you, Sir, as you carry out the significant role of representing your country in Canada.

Ambassador Schmidt is a native of Pennsylvania and a graduate of Princeton as well as Harvard, where he took his M.B.A. He extended his academic inquiry beyond the Ivy League with sojourns at the University of Dijon, the University of Berlin, and the Sorbonne. In the course of a recent interview by the *Financial Post*, he was asked in what subject he had majored. His reply was terse and direct: "Economics, to my regret." It would appear that this was less a measure of scorn for economics than a reflection of deep interest in art and architecture, in conservation, and in the wider problems of our environment.

Accordingly, Mr. Schmidt's career and interests have been divided between business, public affairs and the arts. As a young man, he entered the bond department of the Mellon National Bank in Pittsburgh. Service in the U.S. Army added to his natural curiosity about public and international affairs. From 1942-1946, his participation in the African landings, the European theatre of operations and, finally, the Allied Control Commission earned him the rank of Lieutenant Colonel.

His subsequent contributions to the Atlantic Community and to the concept of Atlantic Union will be of particular interest to members of the Empire Club. He was a delegate to the Atlantic Congress in London in 1959 and to the Atlantic Convention of NATO Nations in Paris in 1962. He has not only been a Governor of the Atlantic Institute in Paris and a Director of the Atlantic Council of the United States, but also a Member of the Council on Foreign Relations in New York.

From 1946 until his arrival in Canada, Mr. Schmidt had been Vice-President and Governor of T. Mellon and Sons, the firm which manages the financial and charitable interests of the Mellon family. His additional service as President of the A. W. Mellon Educational and Charitable Trust was a natural consequence of his first love – art and architecture. Personal involvement in the theatrical and musical life of Pittsburgh was coupled with the pioneering of an urban renewal programme which transformed the black and grime of Pittsburgh into an attractive new face. His interests in pollution and environmental control are broad and far-ranging; they are also the product of an active role in the life of his community, reflected in his public service as Chairman of the Pennsylvania State Planning Board and the Allegheny Conference on Community Development.

City dwellers have developed an increasing sympathy and concern for the state of the environment. For example, where I live in the centre of Toronto, I awaken quite regularly to the unrhapsodic sound of the birds coughing. A world such as ours is full of paradoxes. In his novel, *The Rape of the Fair Country*, Alexander Cordell describes the coming of the coal mines to the lush green valleys of Wales and comments, rather plaintively, on "the slag-heap monuments to human progress". At this moment, we are sharing in the excitement and tension of such a delicate technological mission as the reversal of a moon-shot, while scientists warn us that failure to restore our natural ecology is gravely foreshortening life on this planet. May I add, Mr. Ambassador, how much your fellow countrymen, men of spirit and courage, are in our thoughts and prayers, as we look forward to a safe landing tomorrow.

I have been told that you, Sir, have spent many summers at Lake Muskoka and fished for salmon in the Gaspe. Yet, our more urgent thoughts of the moment are inspired by the manner which mercury in the Great Lakes has raised the temperature of certain other fishermen. No problem will tax us more in this decade than pollution, and no one is better equipped to discuss its social and economic implications than Ambassador Schmidt. We are delighted that you accepted an invitation to the Empire Club, and I am indeed pleased that you have agreed on the subject: "Improving the Environment – At What Price?"

MR. SCHMIDT:

Mr. Chairman, Members of the Empire Club: I had originally intended to talk to this distinguished audience on Canadian-United States relations. But apparently recent speakers have ably disposed of all outstanding problems and your Chairman felt that these relations were in such amiable and satisfactory condition (in spite of a few recent developments) that he asked me instead to talk about a subject which is very much to the fore these days

– our Environment – and what we might do about it. Apparently, he had learned that, in a previous incarnation during the 1950's, I had been President and Chairman of our citizens' action committee in my home city of Pittsburgh, Pennsylvania, the Allegheny Conference on Community Development, which had achieved some early successes in urban redevelopment and abatement of air and water pollution. I hasten to deny any qualifications as an expert but it is a field in which I have been vitally interested and engaged for some twenty years. Hence, I consented.

Until 1968, conservationists, ecologists, hydrologists and demographers who had been trying to alert their fellow citizens and public officials to what was happening to the land, water and air surrounding them found their exhortations on the whole falling on deaf ears. Then it suddenly took hold. As a result, all media today are filled with articles and programmes concerning environment, pollution, population, dire predictions of doom and gloom! Television stars are cracking jokes about the ecology. This may provide some measure of satisfaction to pioneers who have long been labouring in this vineyard, but I am now concerned that it may only achieve the fate of a temporary fad and that the public will at some point turn off and block out of their minds what is basically a difficult and disagreeable subject, and particularly when the cost begins to hit their pocketbooks. Since most responsible citizens in the United States now realize that something must be done – and immediately – the time has finally come to decide what and how.

In this connection, I wish to make today three points.

The first is that if we are really serious about doing something to improve the quality of our environment then we must concurrently do something to solve the problem of unrestricted population growth. Pollution is caused by people – people in concentrated numbers. Unrestricted proliferation of people in congested urban concentrations will bear so heavily on finite natural resources – particularly water – that the current standard of living will not be able to be maintained.

It has come as a shock to many Americans to realize that a serious population problem exists in the United States. They fly across large areas of uninhabited land and find it hard to believe they have a population problem when such vast open spaces continue to exist. But the answer is that most people do not want to live in the deserts, the mountains or on the abandoned farms, because they can make a living there only with difficulty and hardship. They want to crowd into the already overpopulated urban regions. Planners predict that 90% of the population increase over the next thirty years will concentrate in the large cities, thereby creating five great megalopolis regions in the United States.

Dr. Paul R. Ehrlich, biologist and ecologist at Stanford University has written that the optimum population for quality living in the United States would be 150,000,000 people. His estimate was conditioned by our access to limited natural resources, particularly by our supply of water. In 1970, however, our population already numbers 205,000,000. At its present growth rate of 1% it is well on its way to 250,000,000 by 1985. Dr. Ehrlich stressed water resources, not because we will not have enough to drink, but because of the enormous quantities required to wash away human and industrial wastes at our present standard of living. If we wish to maintain that standard, it means we must not only ease the population pressure on our water resources, but also devise more efficient ways to use and conserve those resources.

As a result of the pioneering effort of Margaret Sanger and the fifty years of work of dedicated and courageous women of the Planned Parenthood groups in the United States, birth control clinics have been established in all our major cities. But their case loads have never reached 1% of the women of child-bearing age. As the result of the work of other groups, such as the Population Crisis Committee, the Population Council, the Population Reference Bureau and certain University research departments, a consensus is now developing that family planning is not the answer to population stabilization. The reason? Many couples only begin to plan their families after they have had four or more children (or six to twelve in the less developed countries). The arithmetic of population growth is simple. If every couple of child-bearing age has four children, the population automatically doubles in every generation of twenty-five years. If each couple has three, the population increases by 50%. It is only by reducing the number per couple to something like 2.2 that population growth can be stabilized. Statistically this means that 25% of couples could have three children to offset the 25% who have one or none.

During the past few years these new concepts have attracted the attention of the responsible departments of the Federal Government in Washington. Thus, although President Nixon's historic July 1969 first Message to the Congress on Population stressed the need for making contraceptive services available to an estimated 5,000,000 poor women who wished to prevent an "unwanted child," the realization has been growing that the population problem in the United States is actually being caused by the 35,000,000 other women of child-bearing age who are having the number of children they "want." Numerous surveys indicate that these women – well educated, predominantly white, in middle to upper income brackets, confirmed contraceptive users – want on the average of three or four children. During the last five years they have actually been having 3.2. Population growth therefore becomes a problem of the "wanted" rather than the "unwanted" child. There is one further variation on this in that recent surveys have indicated that 20% of our live births are "accidents," children who can be termed neither "wanted" or "unwanted."

All of the foregoing has led to the conclusion that what is needed is not only stepped-up scientific research to develop much more effective contraceptive methods, but even more importantly, massive educational and motivational techniques to extoll the virtues of the small family and literally reverse the mores and customs of our society developed over millennia which previously encouraged large families.

For example, Dr. Rober O. Egeberg, Assistant Secretary in the United States Department of Health, Education and Welfare, has stated, "The notion that everyone should marry and have a family was important in an era when infant mortality rates were high and life expectancy short. Now it is important to remove the stigma that society attaches to remaining unmarried and to somehow change the feelings of comfort and security which many Americans derive from having large families."

Various private groups have been urging that the country begin the discussion which would result in a consensus for a National Population Policy and Goal. Some have already suggested that the Policy should be one of zero population growth, and that the Goal should be a maximum population of 250,000,000 or less by the year 1985. It has been gratifying to learn that the First National Congress on Optimum Population and Environment has been organized under excellent leadership; it will bring together in Chicago on June 7-11 of this year the officers of some 200 national organizations to discuss these very matters with outstanding scientific leaders and public officials.

It was also interesting to learn that on March 25 Senator Robert W. Packwood of Oregon introduced into the Congress legislation which would allow a family a $1,000 deduction for the first child, $750 for the second child, $500 for the third and nothing for children after that. Denying any aspect of coercion, he noted that tax incentives had been used for many years to achieve social goals, citing charitable contributions, depletion allowances, pollution abatement and the growth of pension plans. For couples who continue to want large families, it has been suggested that after they have had two natural children of their own they adopt as many more as they can afford to support and educate properly.

Unless we can demonstrate that we have taken effective steps to stabilize our own population, it is difficult for me to see how we can urge the peoples of underdeveloped countries to do so, even though it is agreed this is the key to all foreign aid. These people have every right to say: "If this is so good for us, why is it not also good for you?"

A mere listing of the possible suggestions for achieving population stabilization is to point out the high degree of self-discipline and responsibility which individual citizens must practice if it is to come about. Will the great mass of our citizens do this voluntarily? What happens if they don't?

My second point is that improvement of the environment will be costly – very costly. Will we be willing to pay for it?

In his Message to the Congress on a Comprehensive Pollution Program on February 10, 1970, President Nixon outlined a 37-point programme in five major categories as follows:

Water Pollution Control
Air Pollution Control
Solid Waste Management
Parklands and Public Recreation
Organizing for Action

Under the first category, his best current estimate was that it would take a total capital investment of about $10 billion over a five-year period to provide the municipal waste treatment plants and interceptor lines needed to meet national water quality standards. The Federal Government would provide half of this cost to the municipalities on a matching basis.

The International Joint Commission recently released its Report on Pollution of Lakes Erie and Ontario. Its estimates of the cost of constructing municipal waste treatment plants projected for 1986 needs, including facilities for nutrient control of phosphates and detergents, were $185 million for the drainage basin in Canada and $895 million for the drainage basin in the United States.

Most air pollution is produced by the burning of fuels. About half is produced by motor vehicles. I have seen figures of $125 per car as the cost of providing the anti-pollution devices for the more stringent motor vehicle emission standards issued for 1973 and 1975 models. At 10,000,000 cars a year, this would mean an added $1,250,000,000 to purchasers. In Pittsburgh, a survey of sums spent by the steel industry alone from 1950-1965 as their share of the cost of eliminating 95% of heavy smoke was $350,000,000.

Under Solid Waste Management the President advanced the principle that the price of the automobile should include not only the cost of producing and selling it, but also the cost of disposing of it. What would be the cost of removing and scrapping the millions of junk automobiles in eyesore heaps on the outskirts of cities and towns all over our country? – $50 each? – $100? How should this cost be financed? The President has asked the Council on Environmental Quality to take the lead in producing a recommendation.

In the face of the clear need, it must be discouraging to the public official and municipal manager as well as responsible citizens and conservationists to note the repeated rejections which have been registered recently by voters to municipal bond issues for public improvements. It is apparent that the voter is strongly resisting additional tax increases and future indebtedness. Where are the huge sums to come from to pay for the improvement of the environment? This recalls a book published by Professor Taylor of the University of California two years ago, in which he compiled the cost of providing municipal sewage plants and rapid transit systems for the nation, translated the interest and amortization of the municipal bonds to be issued into increased municipal taxes and entitled his book *We Are Not As Rich As We Think.*

One final figure. The Harvard Center for Population Studies estimates on an overall basis it will cost $5.1 billion a year in capital investment and $8.4 billion a year for current operation to clean up our environment. Secretary of the Treasury David Kennedy commented that although he thinks the figure is underestimated he believes it is a modest price to pay from a trillion dollar Gross National Product. He goes on to say that the cost of not controlling pollution will eventually be even greater than the cost of trying to restore our ecological balance.

My third point is that with insatiable demands for goods and services, including the improvement of our deteriorating environment, and with limited funds from both private and public sources to provide for them, it will become necessary to establish priorities.

In 1960 President Eisenhower asked the American Assembly at Columbia University to establish the areas of greatest importance to the nation during the next decade. A distinguished panel of citizens was recruited and they identified sixteen areas for priority attention. No ranking was attempted and no price tag was assigned for any of these areas. The National Planning Association became interested and set up an Institute for Priority Analysis to determine to what extent these priority needs could be provided. Their studies and projections determined that the cost of doing all the things desired in these sixteen areas in the year 1970 would be $300 billion in constant dollars; but after deducting for basic consumer needs and services, defence and operating expenses of government there would be available only $150 billion dollars for the needs of these sixteen areas. The conclusion was that priorities would have to be established based on need, value and urgency and the available resources must be allocated on the basis of these priorities.

It would seem that if we are to make some headway in improving our environment without resorting further to the dishonest tax of inflation, we must establish priorities among the manifold needs and desires of our people. This will necessitate difficult decisions – difficult choices. How is this to be accomplished? At the present time most of these difficult choices are made by the democratic process through the committee system of Congress. To me, it is a mystery and at the same time a marvel that it has worked as well as it does – a tribute to democracy. At the same time, however, I believe the time has come when we must devise some improvement over this short-term approach, particularly in the evaluation of first things first and the financing of long-range programmes on more than a one-year appropriation. Possibly the President's Council on Environmental Quality can become an instrument, or the experience gained at the Institute for Priority Analysis at the National Planning Association may furnish the answer.

I have said enough I think to demonstrate that improvement of the environment will not be achieved without sacrifice, self-discipline, the application of large amounts of private and public funds, and sophisticated long-range planning. I would also like to think that this is one issue on which old and young people can bridge the generation gap – one on which we older people won't be called reactionaries for saying let's go back to the good old days – the good old days of clear air and clean water.

Mr. Schmidt was thanked on behalf of The Empire Club by Mr. Sydney Hermant.

APRIL 23, 1970

Management Education: How Are We Doing in Canada?

AN ADDRESS BY Dean James M. Gillies,
DEAN OF THE FACULTY OF ADMINISTRATIVE
STUDIES, YORK UNIVERSITY

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

The late Sydney Smith, when President of the University of Toronto, often parodied that aphorism of George Bernard Shaw, "Those who can, do; those who can't, teach", in the following manner: "Those who can, do; those who can't, teach; those who can't teach, administer; and those who can't administer, work for the government." Normally, such a reference would not only be inappropriate, but actually offensive, in introducing James M. Gillies, a distinguished academic administrator and Dean of the Faculty of Administrative Studies at York University, were it not that I have followed that path myself to its ultimate conclusion.

Even without such self-protection, I would be on completely solid ground because Jim Gillies is not only a skilful teacher and an imaginative administrator, but also a "doer" in public affairs. In fact, I can think of no academic person who has had such an impact on the community, nor built a faculty of distinction and international reputation, in such a short period. This is the more remarkable when we contemplate the pressures on universities today and the public expectations for their product.

At the very moment when Cardinal Newman was writing, in 1852, that a university prepares a man "to fill any post with credit, and to master any subject with facility", the great democratic, industrial and scientific revolutions were in the process of launching the age of the specialist. Although the Faculty of Administrative Studies at York is devoted to the training of the specialist – in this case the business or public administrator – it has recognized that management is not an island to itself, but is rather a delicate instrument for achieving a sensitive combination of our human, natural and technological resources. As with any other specialty, "management" must be nourished by academic inquiry and scientific speculation. As Lord Keynes once suggested: "I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas."

To assist the gradual encroachment of ideas on the field of management, York University is fortunate indeed to have James Gillies as Dean. He is a native of this province and was educated in the local schools and at the University of Western Ontario. Like so many others, he migrated southward for graduate studies at Brown University and the University of Indiana. His academic reputation, as well as his deep interest in public and business affairs, was nourished by fourteen years on the staff of the University of California at Los Angeles, during the period 1951-1965.

I could not begin to chronicle his books and articles on economics, finance, and administration. Suffice it to say, he has published and flourished. I would imagine that his widest audience exists currently among the readers of *The Telegram* in Toronto, where his Monday column on business and economics is widely anticipated, generally provocative, and always written with disarming simplicity.

Dean Gillies returned to Canada on a mission to develop a much-needed capacity for university training in management studies. It is significant that the Faculty of Administrative Studies at York is concerned with management skills not only in business, but also in government. Whether we are dealing with international corporate competition or the administration of large bureaucracies, management techniques are of increasing importance in this country. The story is told of a man with five daughters. He had a great fondness for all of them, but, unfortunately, they had failed to attract many suitors. When it was suggested by a kindly acquaintance, "Mr. Jones, you must regard your daughters as your most precious resources", he replied: "Yes, but my great problem is how to husband those resources." We have a problem of husbanding resources in Canada and management education will be increasingly relevant to that process.

To answer the question: "Management Education: How Are We Doing in Canada?", I am happy to introduce a man:

- who is also a Director of a number of companies;
- who has served as consultant to many organizations;
- who was a recent member of the federal task force on housing; and,
- who is currently serving as a member of the federal Export Advisory Council.

Gentlemen, may I present, Dr. James M. Gillies, Dean of the Faculty of Administrative Studies at York University.

DEAN GILLIES:

Mr. President, distinguished guests, friends, gentlemen: thank you very much for the most gracious introduction. It was very kind indeed.

It is a great honour and privilege for me to speak at the Empire Club on the topic "Education for Management – How are we Doing in Canada?" In case any of you are waiting with bated breath for the answer to this question (at least, the answer which I have to it), I want to state immediately that I think in management education in Canada at the present time, we are doing very well.

You may be surprised that I give this answer, because many people are saying, and saying it quite often, that we are not doing as well in management education in Canada as we ought to.

Those who make such statements usually do so on the basis of one or two things. They point to the statistics that productivity of the Canadian economy in general is about 20 per cent below that of the United States and, in manufacturing, according to the Economic Council of Canada, about 35 per cent less than in our neighbour to the south.

Various explanations are advanced as to why this productivity gap exists. It has been suggested that it might be because our markets are smaller; or because our tariff policy protects inefficiencies; or because our economic policy is wrong; and so on. But more and more often it is being suggested that the reason productivity in Canada is lower than productivity in the United States is because management in Canada is not as effective as management in that country. Such statements are usually softened by the amendment that in individual cases Canadian managers are as effective as their counterparts in the United States or any other country, but it is argued there are simply not enough well-trained people in management positions in Canada. Consequently, because we have fewer managers in aggregate number, our total management situation is poorer than in the United States.

Interesting as this point is, the fact is there is no way to prove it. I do not know how you can demonstrate that productivity in Canada is less than productivity in the United States because of poor management. But it is true, we do not have as many trained managers in Canada as in certain other countries, particularly the United States.

One of the reasons for this is that the educational institutions in Canada have not been very responsive to business needs or interested in management education.

Statistics show that about one out of every four male undergraduates in university, or any type of institution of higher learning, in the United States is studying business of some sort. In Canada, as far as I can estimate, the comparable figure is about one out of every sixteen or seventeen. In addition, in the United States about 30 per cent of the population between the ages of 18 and 22 are in some type of institution of higher learning. In Canada, as a whole, the comparable figure is less than 20 per cent.

Whether or not the American programmes are particularly good is a matter for debate. But the fact remains that a much higher proportion of the young male undergraduates in college today in the United States are exposed to business and management education than is the case in this country.

The same thing is true of graduate education. One can say, without fear of contradiction, that the greatest educational export of the United States has been education in management. The best schools of business in the world are still in the United States of America. In fact, that country has always had the leading programmes of education in management.

The first school of business in the United States was founded at the University of California, Berkeley, about 1895, and the top school, the Harvard Business School was started in 1908. In comparison, the first modern contemporary business school in Canada, at the University of Western Ontario, really began operating in a major way after World War II.

On the other hand, while we do not have a long record of experience such as the United States, we are doing better in management education in Canada than many other countries. For example, we are certainly doing more in this area than most countries of Europe.

To follow what is developing in management education, it is well to watch what the Ford Foundation is doing, because that Foundation seems to put its funds where it thinks certain things need to happen, or are happening.

In the forties, the Ford Foundation spent millions of dollars in improving management education in the United States. In the fifties, it began helping management in underdeveloped countries – a programme which they eventually stopped because it was not effective. Currently, the bulk of the money which the Ford Foundation is granting for management education is being given to European universities that are trying to begin programmes in administration. I think part of this thrust has come about because, or partly because, of Servan-Schreiber's recent book *The American Challenge*, which points out so clearly that better management is a must for European industries.

In England, the Foundation has sponsored the development of two graduate schools of business, one at the University of London and one at the University of Manchester, and both are doing very well.

Canada in both a qualitative and quantitative way is somewhere between the United States and Europe. We are not doing as much for education in management as is being done in the United States, but, on the other hand, we are doing more than is being done in any other country in the world.

To return to the productivity discussion, of course it is implicit that if you argue that productivity is associated with management education, then you must also accept its corollary that management education does prepare people for careers in management. This, I suppose, is a debatable proposition.

I am convinced that good managers are made as well as born. I would not argue that a man cannot become a good manager without formal training, but I would argue that a person who is exposed to formal education in management will perform more effectively in a management position and the marketplace supports this view.

Our students graduating with an M.B.A. degree probably receive the highest starting salaries of any graduates of the university, and they all have several jobs to choose from. So the market through pricing, for good or ill, indicates that employers believe professional management education is a good thing, and are willing to pay a premium to obtain employees who have it.

I realize there are many books attacking formal management education. The most recent – which I recommend to you if you have not already seen it – is *Up the Organization* by Gerald Townsend. It is a very amusing book which I am sure will not be read with joy at the Harvard Business School.

Regardless of this, however, it is evident that management education does have its place and, therefore, if we are to improve management in Canada – if we are to have more effective management in Canada – we must have more effective programmes of management education.

If you accept the proposition that professional management and professional education are important, what do we need to do in Canada to make them better? And, perhaps more significantly, why do I think that within ten years, with good fortune, it may well be that Canada will be the leading country in the world for education in management?

First, we are increasing the number of people that we educate for management in our universities. In general, Canadian Universities are becoming more interested in management education.

In 1970, probably twice as many M.B.A.'s will graduate as in 1965, although I hasten to point out that, even though we are graduating many more, the number of graduates from the Harvard Business School equals half the total number of graduates from all the Canadian Universities. But the fact remains, we are doing more.

I am pleased, for example, that Laval University, which is often thought of as one of the more traditional and conservative universities in Canada, now has an M.B.A. programme. Laval has graduated its first class, and the programme is a very good one indeed. The university has organized a Faculty of Administrative Studies, and that faculty is doing a great deal to educate young French Canadians in management.

We, at York, have developed an exchange programme with Laval, whereby some of our students study part of the time at Laval and some of their students study with us.

And so it is all across Canada. Universities are more interested in management education, and many are developing very fine programmes. To me, this is a very healthy indication of the interest in management education in this country.

However, quantity is not the only important factor. Where we have a really tremendous advantage in the development of programmes for education in management in Canada is that our programmes are new, and we have a chance therefore to make them flexible.

Warren Bennis, the social psychologist, has made many studies of change, and one of his more recent shows that the three hardest institutions in the world to change are the church, labour unions, and universities. Anyone with experience in any of these institutions knows that what he has found is correct. Once they get structured it is hard to change them.

In management education in Canada, because we are not structured, we still have the opportunity to innovate management education programmes.

Let me give you an illustration using The Harvard Business School, and I hasten to add that I use the Harvard Business School as an illustration not to be critical because I think it is the best business school in the world. As many of you may know, it is located in Cambridge, Massachusetts, across the river from the rest of Harvard University – although when you are at the Business School, you say the rest of the university is across the river from the Harvard

Business School. At any rate, the river runs between the two. The Business School has its own buildings, its own dormitories, its own classrooms and its own administration offices. It is a small university in and by itself.

Many of my friends, who have graduated from the Harvard Business School, say that the best thing about being there was that after class they could go back to their rooms, meet their friends, and discuss what was being taught. These informal sessions, they considered a most significant part of their educational experience. I am sure that what they remember and relate about their Harvard experiences are correct. But the real question is, whether in this day and age, in the 1970's, you can have business students isolated from the mainstream of the university as a whole.

We are in a period of change – a fact that has been noted more than once – and the current period of change is so great that you must identify it as, if not a major, at least a minor social revolution, rather than as social evolution.

The illustrations are innumerable. For example, the first trans-continental flight by a jet across the continent was only in the mid-1950's. My father, who died a few years ago at the age of 90, had never been on an airplane; but my son Davey, who is 10, has never been on any type of airplane except a jet; and, of course, he has never been on a train. In two generations the change in transportation is almost as great as in all the previous history of the world. Or consider the transistor which was invented after World War II. It will replace the vacuum tube almost completely in another few years. And one can go on and on with illustrations.

Change is so great that somehow or another we must bring an understanding of it and its implications for our society into our educational institutions – and particularly our business schools. I do not believe that the students at the Harvard Business School can really understand what is happening in society without being associated with the rest of the university community – talking to the young political scientists, the young sociologists, the young philosophers, to say nothing of the professional radicals. I think the time when you create a business school that is separate from the rest of the university is over.

Unfortunately, given their investment in plant and equipment, to say nothing of their long traditions, Harvard cannot do very much to react to the new situation. But, we in Canada can because we are still in the formative stages of our programmes.

I believe that traditional business schools, organized as business schools, may not be able to provide the most effective education in administration in the future.

I gave a seminar at a leading business school not too long ago. At the meeting I pointed out that I knew I was speaking in a very good business school, and that the things being done by the faculty were interesting, but, I added, unfortunately much of what is being done is irrelevant. Needless to say, this started some lively discussion.

The fact is that many of the organizational problems, and the great administrative problems that we have in the world today, are not associated with business. They are found in governments, universities, hospitals and educational institutions. During the past three decades, a great deal has been learned, primarily in business schools, about organization theory and how organizations operate. How unfortunate it would be if this knowledge were not used to the greatest extent possible. It must not be restricted to solving the problems of the business corporation alone. It must be utilized in working out the great organizational problems in all areas of the economy and in all types of institutions. A faculty organized around the concept of business simply may now neither be the most effective structure for the teaching of administration nor indeed of business itself.

Since it is now recognized that there may be a body of knowledge about administration that is applicable to all types of institutions, several universities have tried to develop integrated programmes in administration. But this is very difficult for an institution that is old and structured to do, since it cannot be done by simply adding a course or two. It has to involve a fundamental change in approach. Certainly a business school that has operated for 15, 20, 30 or 40 years in a certain particular manner finds it difficult to make such a marked departure from its previous philosophy and style.

At the present time on this continent, there are three universities, the University of California at Irvine, Cornell University, and York University which are trying to create broadly-based faculties of administrative studies.

We take the position at York, in our Faculty of Administrative Studies, that whether a student wants to have a career in the public or the private sector, for example, whether he wants to become treasurer of the Province of Ontario, or the treasurer of Simpson's, we can offer an appropriate programme for him in one Faculty. We believe that a man who wishes to have a career in the public service should know something about personnel management, operations research, organization theory, economics, and accounting, as should the man who wants to make a career in the private sector of our economy – and this he gets. So we have them working together. Our students take many of the same classes together; they work together; they study together; and they go on and graduate together, regardless of whether their career aspirations are in business or government. The only essential requirement is that they must be interested in administration.

York's Faculty of Administrative Studies is in its fifth year of operation and we now are among the largest in Canada. The reason we have been able to attract such a large number of students to our faculty is because it is unique. We teach our students that there is knowledge about administration which they should learn, regardless of what their final career goals may be.

The by-product of this type of programme may be very important. First, it may well improve administration within the public sector of our society, although I am not certain that this will happen. Consequently, in ten or fifteen years there will be many senior public servants, and senior businessmen, who will have gone to school together, taken many of the same courses together, and who, therefore, hopefully will be able to communicate together much better than they would otherwise be able to do.

We also have a programme, thanks to the help of the Province of Ontario Council for the Arts, for education in administration in the arts. We believe that people who operate operas, symphonies, and so on, can benefit from some education in administration – and so in combination with the Faculty of Fine Arts we have developed a programme directed at improving administration in the arts.

We think this general structure for education can be extended to hospitals, educational institutions, and all other types of organizations. And the Ford Foundation apparently believes that this is a meaningful approach since they have granted York half a million dollars for research by members of this Faculty.

There is a third reason, and a compelling reason why there are going to be great changes in our schools of business. The fact is that the students who are coming into the schools of business today are quite different from the students who came into them only five or six years ago. The reason for this is that we are now getting students for the first time who started college in 1964. Nineteen hundred and sixty-four, as some of you may recall, was the year of the great Berkeley riots which started the major changes in approach to education, which all of us have seen one way or another in the course of the last five or six years. Any young person who has gone to university since 1964 has had to be influenced by what has happened within the university since that time.

While it is true that most students beginning the study of business administration are more conservative than other students, there is no question that they are substantially less conservative than they were only four or five years ago; and I am not using "less or more conservative" in any sort of pejorative sense. They are simply different.

You cannot operate a school of business or a faculty of administrative studies today, as it was operated five years ago. The students are looking for different things. They are looking for more involvement, more concern about social problems by their faculty and in the courses which they are taking.

But the change is showing up most at graduation. As I mentioned earlier, most students have a choice of many jobs, and they are offered attractive salaries. But, student placement officers this year are finding their job totally different from what it used to be. This change may be for the better, in that the best students that we are graduating do not want to find employment through the placement office. If you are out for your firm recruiting good M.B.A.'s, you are probably not going to be able to find them if you recruit them through the ordinary placement office procedures. The very best students now are looking for the jobs themselves.

I think this is a healthy situation. Students are looking for the jobs themselves, not because they can't get a job, but rather they want employment that they think will be meaningful to them, that will fit what they like to call their life style. I am not quite sure what a life style is, but it has something to do with contributing to the betterment of society. I would believe that, of the hundred and fifty or so M.B.A.'s graduating from our programme this year, at least 25 of the top students tried to match the job they wanted with what they saw themselves doing in this society.

This to me is the demonstration that the student is different. He is not going to college, and he is not going to a professional school of business or professional faculty of administrative studies to get a degree to get a job. He is trying to learn something – he wants more than the cheque.

The men that graduate from our faculty believe – and we certainly try to instill this idea into them – that to be a first-rate manager or a first-rate administrator is to make as much contribution to the well-being of Canada as can be made by any profession. But, they want to be sure that they are doing their management and their administration in a place where it counts.

So I see in Canada a terrific opportunity for building great schools of business administration and great faculties of administrative studies. Our programmes are new so they can be flexible and they have been well-funded from a variety of sources. We have a chance to transfer to Canada, the leadership in business education which has so long been held by the programme in the United States.

I always use as a sort of benchmark when thinking about these types of opportunities the remarks of a very great architect – Daniel Burnham – who speaking about 65 years ago to a graduating class of architects at the University of Washington said something like this: "Make no little plans. They have no imagination to stir men's blood, and probably won't be realized anyway. Make big plans. Aim high in your hopes and dreams, remembering that our sons and grandsons are going to do things we never thought of. Let your watchword be order, your beacon duty."

Let us have no little plans for management education for Canada. Let us have big plans and work towards the goal of making Canada the leader for management education in the world.

Dean Gillies was thanked on behalf of The Empire Club by Mr. P. J. Ambrose.

APRIL 30, 1970

President's Report 1969-1970

ANNUAL GENERAL MEETING

CHAIRMAN The President,
H. Ian Macdonald

MR. MACDONALD:

Before turning to our regular business, I have a duty to perform – the rendering of an Annual Report and the calling for the election of directors and appointment of auditors for the 1970-71 year. I approach this Annual Meeting with intermingled feelings of sadness and euphoria – sadness at concluding a happy sojourn as President and euphoria at being relieved of the inexorability of Thursday noon. Indeed, after presiding at thirty-two consecutive meetings, I expect to spring to my feet automatically next Thursday at 1.00 p.m., wherever I am, and look for a speaker to be introduced.

Those meetings have covered a broad spectrum of outstanding individuals and compelling topics. They have constituted an empire of feelings and ideas which, I trust, have reflected the tradition and purpose of this Club. Although we claim credit for good management in arranging the complete programme before the season actually began, I must acknowledge the good fortune whereby events in the daily news inevitably focused on our speakers or subjects, on the virtual eve of our meetings.

We tackled the fundamental issue of freedom with Professor Papandreou and Dr. Johnson; the place of certain individuals in our society as seen by Messrs. Chrétien, Pepin and Wright and Mrs. Joseph Kennedy; law and order through the eyes of Chief Mackey, Mr. Ignatieff and Col. Royce; world business and finance in the view of Dr. Guth, Sir Val Duncan and, today, Mr. Cameron; the Canadian economy as interpreted by Dr. Young and Dr. Smith; the role of Canada in the world surveyed from the bridge of the *S.S. Manhattan,* Washington, and the Rehabilitation Institute of Montreal; the stormy world of Canadian politics portrayed by Messrs. Stanfield, Robarts, Bertrand, Schreyer and Ryan; the future of several significant Canadian responsibilities as anticipated by Messrs. Eagleson, Gillies, Rohmer, Kierans and Schmidt; and, the state of the American economy as analyzed by Paul W. McCracken.

For the first time in the history of the Club, we had a demonstration and questions from the floor in good Burkean tradition. In the interests of how the other half thinks, we had three ladies' luncheons and one ladies' dinner. We were pleased to join with the Canadian Club for two regular meetings. I am happy to announce that we have also arranged a special post-season luncheon for June 2, in the Ballroom of the Royal York Hotel, to hear from former Chancellor Ludwig Erhard of the Republic of West Germany. I have saved, for the last, two events of special significance for the Club. On October 22, we joined with the Canadian Club and the Rotary Club in a loyal welcome to Prince Philip, the Duke of Edinburgh, and at our Annual Christmas Luncheon, we enjoyed the company of the Club Honorary Vice-President, the Hon. W. Ross Macdonald. Our average attendance, this year, increased materially to 282.

To those who follow in this Office, I would suggest that Clubs such as ours will survive the competition for members' time, the geographic dispersal of business and industry, and the force of new forms of communication only by strenuous effort and commitment. There is a backbone of regulars who carry these luncheons, but we must bend every effort to combine the traditions of this Club with a contemporary relevance and appeal to those of the "New Toronto" that is springing up about us. We have tried, this year, to introduce a new style in our Club crest, in our correspondence, in our membership cards and members' notices, and in our proceedings at meetings. One innovation I believe to be so valuable to our future, I could only wish that I had thought of it myself. I refer to the practice of inviting a high school student to our Head Table – the joint suggestion of one of our Directors and our second most senior Past President. All our student guests were invited back to luncheon today and are joined by Major Baxter, one of the originators of the scheme.

As usual in these days, the Club faces financial woes. We have, however, made substantial changes in our business procedures and personnel this year, setting the stage for new financial policies in the coming season. The Board of Directors of this Club and its Committee members display what can properly be described as a passionate dedication to its affairs; we are indebted to all who have served and my own gratitude is profound. It is dangerous to single out individuals, but I must mention Harold Cranfield, whose "Company of Thirteen" worked tirelessly in encouraging attendance at meetings, Harold Gillingham, the Headmaster of the Head Table, who to me symbolizes the Empire Club, and Donald Bath who conducted our business affairs with rare integrity and diligence. Above all, I thank the Board of Directors for bestowing on me the privilege of being your President and the members of the Club for their generous forbearance.

Now, I call upon Past President Graham Gore, Chairman of the Nominating Committee, which consists of five directors and four other members of the Club, to present his report.

MR. GORE:

Your Board of Directors appointed the the following members to the Nominating Committee:

Graham M. Gore, Chairman
Harold Gillingham
Peter Hermant
Dr. James Parish
R. Bredin Stapells
Lt. Col. Robert H. Hilborn
Major Arthur J. Langley
Col. Bruce Legge
George Stafford, and
H. Ian Macdonald, ex-officio.

The Committee worked diligently and recommends to the members the following:

The Honorary President is His Excellency the Right Honourable Roland Michener, C.C., C.D., Governor General of Canada.

The Honorary Vice-President is the Honourable W. Ross MacDonald, P.C., C.D., Q.C., Lieutenant-Governor of Ontario.

We recommend that the Honorary Officers be:
The Honorary Secretary – His Worship Mayor William Dennison, Mayor of the City of Toronto;
The Honorary Treasurer – Marvin B. Gelber;
The Honorary Assistant Secretary – Norman Borins, Q.C.;
The Honorary Assistant Treasurer – R. Ford Ralph;
The Honorary Auditor – H. T. Jamieson, F.C.A.

We recommend that the following be named to the Board of Directors. You will notice that the recommendation includes the names of nine members who were not on the Board of Directors previously. This is in accord with the tradition of the Club to bring new members to the Board each year. As I read the list of names, I will draw attention to the new members:

P. J. Ambrose
R. L. Armstrong

Chad F. Bark – Accounts Manager, Reed, Shaw and Osler Insurance Brokers

D. H. W. Bath

Edmund C. Bovey – President and Chief Executive Officer, Northern and Central Gas Corporation Limited

E. T. C. Burke – National Manager, Canadian Credit Men's Association Limited

Arthur H. Chetwynd – President and General Manager, Chetwynd Films Limited

J. H. Corrigan, Q.C.

Alfred H. Cowling

Dr. C. B. Crummey

Robert S. Dale-Harris, D.S.O, F.C.A. – Partner, McDonald, Currie & Company, Chartered Accountants

W/C H. C. Gillingham

Graham M. Gore

Gordon E. Grundy, F.C.A.

Cmdre. R. I. Hendy, V.R.D., C.D., Q.C.

Peter Hermant

Charles C. Hoffman

Very Rev. E. M. Howse, S.T.M., PH.D., D.D., LITT.D.

Lt. Col. P. W. Hunter

John P G. Kemp – President, Molson's Brewery (Ontario) Limited

Maj. Gen. George Kitching, C.B.E., D.S.O., O.ST.J., C.D.

Hon. A. F. Lawrence, Q.C.

H. Ian Macdonald

James Mackey – Chief of Police, Metropolitan Toronto Police Department

W. Malcolm McIntyre

Dr. James A. Parish

Joseph H. Potts, C.D., Q.C.

David W. Pretty – Vice-President of Finance, North American Life Assurance Company

Dr. Murray G. Ross

Lt. Col. E. A. Royce, E.D.
R. Bredin Stapells, Q.C.
Col. J. G. K. Strathy, O.B.E., E.D.
John M. Thompson
Lt. Col. J. G. Wasteneys, C.D.
Douglas Winters, Q.C. – Partner, Zimmerman and Winters Law Firm

To those who are retiring from the Board, we offer our grateful thanks and hope that they will continue to maintain an active interest in the Club's affairs and attend our meetings as regularly as possible.

Mr. Donald Bath has held the Office of Secretary of the Club for two years. He has given freely of his time, talents and energy to the duties associated with this office. The Club is greatly indebted to Don, and speaking for all the members, I express their sincere thanks. He is retiring from that office at this time, but the Club will have the benefit of his experience and judgment because he is going to continue to serve the Club as a Member of the Board of Directors.

The Nominating Committee recommends that Mr. R. C. A. Waddell, a Partner of Cochran, Murray and Company Limited assume the Secretary's position. Mr. Waddell has consented to act in this capacity, if elected. He claims Peterborough, Ontario, as his birthplace. He graduated from Royal Military College and the University of Toronto in civil engineering. He spent five and one-half years in the Royal Canadian Air Force during the war, had apprenticeship training with Woods, Gordon and Company, and then joined his present Company in the investment business.

Mr. H. Ian Macdonald will be the immediate Past President of our Club. He has given us inspiring leadership during the past year, has demonstrated outstanding ability and has conducted our meetings with dispatch, good humour and decorum. The other Past Presidents will be:

R. Bredin Stapells – President in 1966-67

Lt. Col. E. A. Royce, E.D. – 1965-66, and
Graham M. Gore – 1967-68

For election to the rank of Third Vice-President, your Nominating Committee recommends the name of Mr. John Irwin. Mr. Irwin was born and educated in England. He was commissioned in the Indian Army during the last war and served in the Eighth Army under Field Marshal Montgomery. He also served in Italy and the Far East. He has been in Canada for twenty years, and during that period of time, he has been a journalist most of the time with the *Financial Post*. He is now on the editorial staff of that paper. He has been active in many organizations, has spent three years as President of the St. George's Society and now is Vice-President of the Arts and Letters Club.

For Second Vice-President, we recommend Mr. H. Allan Leal, Q.C., LL.D. Mr. Leal was born in Beloeil, Quebec. He attended McMaster University on an Ontario Hockey Association Scholarship. He received the Governor General's Medal in 1939 and Rhodes Scholarship in 1940. During the war he served with the Royal Canadian Artillery and retired with the rank of captain. He attended Osgoode Hall from 1945 to 1948 and was called to the Bar of Ontario in 1948. After practising law for two years, he joined the teaching staff of Osgoode Hall and became Dean in 1958. From 1966 to present, he has been the Chairman of the Ontario Law Reform Commission.

For the office of First Vice-President, we recommend the name of Mr. Henry N. R. Jackman, a youthful leader in the Toronto business community. He was born in Toronto, educated at U.T.S. and Upper Canada College and graduated from the University of Toronto Law School. He is Chairman of the Board of the Empire Life Insurance Company and Vice-President of Dominion and Anglo Investment Corporation.

To the most senior position, we are recommending as the President of the Empire Club of Canada, Dr. Harold

V. Cranfield. He is a graduate of the University of Toronto and was the first Canadian to qualify by examination as a specialist in physical medicine. He is attached to the Hospital for Sick Children. In addition, he is an advisor on rehabilitation to the Government of the Province of Ontario in the Department of Social and Family Services. He is also the Medical Director for the George Wimpey Construction Company. During the war he was a Squadron Leader in the Medical Corps of the Royal Canadian Air Force.

Mr. President, I have the honour to nominate to the offices listed herein the members whose names I have mentioned and I am proud, as spokesman for the Nominating Committee, to nominate Dr. Harold V. Cranfield as the sixty-eighth President of the Empire Club of Canada.

I move this Report be received and adopted.

MR. MACDONALD:

Any other nominations – I declare nominations closed. All those in favour of the motion please say Aye.

I declare the motion carried and I ask the Secretary-Treasurer to cast one ballot in favour of those members named in the report of the Nominating Committee.

MR. BATH:

In accordance with the instructions of the Chairman, I hereby cast one ballot in favour of the election of those members named in the report of the Nominating Committee, as attached, and as bearing my signature.

MR. MACDONALD:

I declare the members named to be elected Directors of the Empire Club for the year 1970-71, and Mr. H. T. Jamieson to be appointed Honorary Auditor for the next year.

APRIL 30, 1970

Sydney Steel – Before and Now

AN ADDRESS BY

Robert Burns Cameron,
D.S.O., D.ENG., LL.D.,
CHAIRMAN, SYDNEY STEEL CORPORATION AND PRESIDENT, DEUTERIUM OF CANADA LIMITED

CHAIRMAN

The President,
H. Ian Macdonald

MR. MACDONALD:

When the moment arrived to revitalize the Sydney steel industry and, more recently, to tackle the peculiar problems of Deuterium of Canada Limited, the search began for a man of unstinting vigour, wide corporate experience, dogged determination and unusual vision. If that man also proved to be a Nova Scotian, then he would truly be an ideal figure. Such a person was discovered to exist, and his name is Robert Burns Cameron. His name alone would ensure instant affection by the people of Nova Scotia, but when all his contributions are recorded, he will likely become legendary, not only in his province but also throughout Canada.

To appreciate the dimensions of his responsibility and his place in the life of the people of his province, let us cast our thoughts back to the so-called "Black Friday" in Cape Breton, October 13, 1967. If a large firm closes operations in Toronto, that is a serious blow to the particular workers and to the local economy. However, when Dominion Steel and Coal Corporation decided to close down operations in

Sydney, the livelihood of a total community was threatened and, in turn, the welfare of a whole province.

Now, Sydney Steel is reported to be alive and well and living in Cape Breton. The physician and therapist, Robert Burns Cameron, is with us today. Appointed Chairman and Chief Executive Officer upon the formation of Sydney Steel Corporation in December 1967, he was able to report nearly $3 million profit in 1968, his first year of operations. Mr. Cameron, a native of New Glasgow, had been the head of a number of industrial and construction firms in Nova Scotia. In 1961, he assumed responsibility for the operation of Maritime Steel and Foundries Limited, a firm once headed by his father, as well as retaining the Presidency of Durham Leaseholds Limited and the Chairmanship of Cameron Contracting Limited.

His work with Sydney Steel made such an impression on Premier Smith that, in October 1968, he was asked to provide treatment for the symptoms of another corporate headache: Deuterium of Canada Limited. By January of this year, he was so deeply enmeshed in those critical areas of the provincial economy, that it was natural for him to add a third string to his public bow; and so, he undertook the chairmanship of the Cape Breton Development Corporation.

Obviously, Mr. Cameron is accustomed to confronting difficult situations head-on. As a young graduate of the Royal Military College in 1939, he joined the Royal Canadian Engineers, serving in England, Italy and Western Europe. He rose to the rank of Major and was awarded the D.S.O. Upon discharge from the Army in 1945, he attended Nova Scotia Technical College prior to forming Cameron Contracting Limited.

As a Maritimer, it is only natural for him to look to the sea and to exploit Sydney Steel's location on the east coast by seeking markets abroad. As a result, he has won customers in Mexico, Chile, South Korea as well as the United States. His expansion plans call for an investment of $94 million over the next few years, contingent on the commercial competitiveness of the mill. He is obviously determined to confound his namesake who lamented: "the best laid plans o' mice and men gang aft a'gley!"

His devotion to Nova Scotia and to the public good is evident in his service to the Nova Scotia Voluntary Economic Planning Board, his membership on the Board of Governors of Dalhousie University, and his membership on the Board of Management of Presbyterian College in Montreal. Finally, I cannot resist one personal reference. In addition to this extraordinary range of corporate and public responsibilities, he is also the father of seven children.

Gentlemen, I am pleased to present a man of such boundless energy that Sydney Steel can be assured of a cast-iron future – Robert Burns Cameron.

MR. CAMERON:

Mr. Chairman, thank you for the honour of being invited to speak before this distinguished gathering here today.

The Honourable G. I. Smith, in his speech to you on January 23, 1969, made reference to the Sydney Steel Corporation regarding the situation as of October, 1967, and the position and outlook of the company at the time of his speech. I would like to add to the information given at that time and what has been happening up to the present, with a few words on the future.

Hawker Siddeley/Dosco announced in October, 1967 the formal shutdown of the Sydney plant. This date was Friday, the 13th – then referred to for some time as "Black Friday" in Cape Breton. In retrospect, perhaps it was not a "Black Friday" – as an aside, I have often wondered whether or not the Public Relations Department were on holiday when the date of Friday, the 13th was chosen for the announcement.

I remember that one of my first thoughts was that one or other of the Canadian steel companies should accept some responsibility in this crisis, whether by acquisition or by the loan of senior company officials to effect evaluation of the real problems facing the distressed company. I believed then, and still do, that the other companies had a responsibility to look after a member of their own industry – a sort of family obligation. We are a small family, but an important one.

When the industry has a problem, all the companies pull together for their mutual benefit, and run to government for help – for example, to protect themselves against dumping. It seems reasonable and proper to me that when the shoe is on the other foot – when a member of the industry gets into trouble and jeopardizes the lives of many thousands of people – then it is only fair that the industry accept a share of the responsibility for helping to correct the situation.

On the basis of their record and ability to run the plant on an economic basis, I believe Dosco did the right thing in getting out.

The recovery of the plant to date has many times been referred to as a miracle which has allegedly taken place in Cape Breton. I must tell you that it was not a miracle – at least not in the sense most of us understand the word. If you visit us in Cape Breton – and which invitation is extended most heartily – what you will see is a steel plant that earned a new lease on life, and I say "earned" advisedly.

It is now thriving as it has never thrived before. Although two and a half years of increasing production, with commensurate financial success, does not prove successful existence *ad infinitum*, I believe our chances of continuing our progress are excellent.

What has been done through co-operative determination – I emphasize co-operative – is perhaps as united an effort as anywhere in this country in peacetime.

It may be overly dramatic to say that in an age whose hallmark seems to be division and dissension, and even disruption and destruction, perhaps the kind of human effort that went into saving our steel plant could be considered something out of the ordinary today.

Among the reasons given by Hawker Siddeley for withdrawing from the Sydney Steel operations were, I quote:

> "A number of factors have led to the current position of the steel mill which dates back to 1900. Its location was originally selected to take advantage of nearby supplies of relatively low-cost iron ore and coal and a deep water location. The cost advantages disappeared over the years and the increase in world steel supply has virtually eliminated opportunities for Sydney products to be sold advantageously in overseas markets."

The original reasons for the selection of the site of the Sydney Steel works are still good reasons. The deep water location is unchanged and can be developed to take advantage of the cheapest water transportation means. Again, owing to the deep water location, low-cost iron ore in pellet form of the highest grade is available at competitive world market prices, both from Canada and other sources. Advances in the technology of coke production will continue to make the abundant coal of Cape Breton available, and modernized mining methods will keep its cost competitive.

Again I quote:

> "I would summarize the situation in this way," Mr. Emmert said. "The steel mill at Sydney has become outdated by technological developments in steel making. If the money was available to completely modernize the mill, its geographical location relative to markets and the resulting freight charges on its products would still prevent Sydney from being truly competitive with other steel producers."

The present mill, still with its original equipment but with improved technology and better management, has already achieved a 25% greater output than the best ever by its previous owners. The rehabilitation of the steel plant and its simultaneous modernization to make use of all the modern techniques available will capitalize upon the inherent advantages of the local position and permit Sydney to compete with the best in terms of quality and price.

But where are the markets? Their positions *vis-à-vis* Sydney are unchanged, but are the markets the same if the product is different? For our rails, the Canadian market presents no problems. For the export market, our location on the Atlantic is ideal. For our semi-finished steel, whilst the larger proportion is presently absorbed in Canada, we are convinced from our surveys of the international market – including the United States of America – that we can comfortably sell to export what Canada does not require.

We believe that our modernization plan will provide us with cost and quality advantages which will make our product unique and able to find a market in any area.

The steel plant has been the cornerstone of Cape Breton's economy since the turn of the century, and, as such, of course, has always been a large factor in the overall economy of Nova Scotia.

I think you all know what took place immediately following the announcement. It was well publicized right across the country. Still, I wonder whether anyone not living there could fully appreciate what a tremendous blow this was to Cape Breton and to all of Nova Scotia. It was like an economic earthquake, threatening us with social and economic disaster.

The provincial government stepped in immediately and completely, the federal government shortly after. Sydney Steel Corporation was created as a Nova Scotia crown corporation, and the fight for survival was on.

Sysco's takeover of the plant came after prolonged and difficult negotiations which resulted in hard terms for us, as we thought then and still do. In the following months, during which we were working feverishly to pick up the pieces and put them together in some rational way, there was more hard bargaining with Hawker Siddeley on a final settlement.

During the first year of operations, Local 1064, United Steelworkers of America, and other unions, agreed to extend the old contract without increases, as part of the steelworkers' contribution to the rescue operation. At the same time, they gave good co-operation, although we do not always see eye to eye; and I must say, without the unstinting efforts of the steelworkers my story today would not have a happy ending. The same degree of credit must go also to the engineering and management staff, and I would like to make special mention of our good fortune in obtaining the services of our president, Mr. D. W. R. Haysom. I cannot emphasize too much that what was accomplished in Sydney was a human accomplishment. Like all companies, Sydney Steel Corporation is much more than a collection of buildings and equipment, representing so much capital investment. What is represented there is the human investment of courage and talent and determination. I take my hat off to the thousands of men and women at the plant who provided the ingredient that money cannot buy.

Now, let us consider what has been accomplished at the plant in terms of production, productivity and profitability.

We can use our predecessor's performance as one yardstick by which to measure our own. Dosco's all-time production record was established in 1964 when the plant turned out 842,000 ingot tons of steel. In 1967, this had shrunk to less than 618,000 tons. In our first year of operation, we produced 870,000 ingot tons; in 1969, we broke the million-ton mark – our total production was 1,010,000 ingot tons. Our work force is about the same size as was Dosco's during its last year in Sydney, so we not only surpassed their all-time production record in both years, but we have obviously improved productivity very substantially. Dosco estimated its annual loss on the plant at about six million dollars; in 1968, Sydney Steel Corporation had an operating profit of almost three million dollars. Our fiscal year has been changed to coincide with that of the province, so that our first financial report covers a 15-month period. Operating profits for the 12-month period ending March 31, 1970 will exceed ten million dollars.

I think this has to be regarded as a success story, and I am most pleased that it is a Nova Scotia success story. It can become rather annoying to find yourself always thought of as a resident of a "depressed area" or "under-developed region" or whatever the current label happens to be. We do have many problems, that's true, but we're not unimaginative or lacking in resourcefulness. Given a fighting chance, we can hold our own with our fellow-Canadians in any part of this country on a comparative basis; and we want to hold our own – we don't want charity; we want the opportunity to stand on our own feet, to provide for our own people and to make a contribution to Canada.

We do need some support to do this – the kind of support that Sydney Steel Corporation was given, and which I think it has exploited sensibly and to the advantage of the whole country.

I think this would be an appropriate time to acknowledge that support. Notwithstanding that the other Canadian steel companies did not share my philosophy about industry responsibility, to which I referred earlier, they did respond in other aspects to all of our requests for assistance and advice. I want to mention particularly Mr. Scully and Mr. Griffith of Stelco; Mr. Sherman of Dofasco; and Mr. Holbrook of Algoma. They gave our people the red-carpet treatment on many occasions, and invariably went a second mile to help us.

The federal government has been sympathetic and helpful. I would especially like to mention the honourable ministers, deputy ministers, members of parliament from Nova Scotia, and departmental staffs to whom we have been referred. They assisted us no end – looking for ways to provide additional help, rather than seeking excuses to avoid becoming involved.

There is no question that the greatest responsibility rested with Premier G. I. Smith and his government. It has been said that he had no choice other than the decision to go ahead. I don't buy that. It's an over-simplification. He did decide on the course. He did take the responsibility. And without accepting that responsibility there would be no Sydney Steel today or tomorrow.

Now, what about the plant's future? We think it has a good one. We are about ready to embark on a $94 million expansion and modernization programme that will include basic oxygen furnaces, continuous casting equipment, and improved rail mill facilities. Sysco, I believe, will be able to finance almost all of its own capital and operating requirements from its own operating revenues and sources normally available to private enterprise. We may need certain provincial government guarantees.

I mentioned earlier that we are looking to the export market for the bulk of our sales; within three or four years, on the basis of our rehabilitation, we believe that we will be selling 70% of our production offshore. We will do this by becoming, I hope, one of the most efficient steel producers in Canada in our line and size. Our rock-bottom, I think, production costs will allow us to penetrate markets hitherto out of reach, especially in Europe. Annual production will naturally be increased substantially, but not to the point where we are drawn into some of the market disadvantages faced by high-volume producers.

In our situation, in a small province with limited resources, I believe it is more important to control costs than get carried away with the notion that a huge volume is the answer to everything. There is a niche in the Canadian industry for us, where we can prosper without glutting the market and without making ourselves overly vulnerable to market fluctuations, which, as you all know, can be catastrophic to a high-volume producer who hasn't the resources to ride out the downturns.

We are going to play our cards close to the vest. What we do we will try to do better than anyone else. That does not include trying to emulate your great Canadian steel companies in terms of size.

Let me say something about my personal reactions as a "free enterpriser" at finding myself head of a crown corporation. My attitude is quite simple. When private enterprise cannot, or will not, accept its responsibilities, then the government must step in. After all, private enterprise sees nothing wrong with seeking government help when it has problems. To my mind, the goal is simply this: to exploit the resources of the community or of the country, as the case may be, to the best possible advantage of the people. I think that private enterprise is generally the most efficient way of achieving that goal, but I am not opposed to public ownership where that promises greater benefits to our citizens.

I started out talking about miracles, and I would like to end on the same sort of note. When all is said and done, I believe that God does indeed help those who help themselves. I do believe that during the last two and a half exciting, and at times exhausting, years a lot of people in Nova Scotia were quietly observing the old dictum: work as though everything depended on yourself, and pray as though everything depended on God.

I thank you all for your courteous attention. I thank you on behalf of Nova Scotia for your part in supporting and assisting Sydney Steel Corporation. And I repeat my invitation to please come to visit us.

Mr. Cameron was thanked on behalf of The Empire Club by Mr. R. I. Hendy.

JUNE 2, 1970

The Future of European Integration and German–Canadian Relations

AN ADDRESS BY Dr. Ludwig Erhard,
FORMER CHANCELLOR AND MINISTER OF ECONOMICS, FEDERAL REPUBLIC OF WEST GERMANY

A Joint Meeting of The Empire Club of Canada and The Canadian Club of Toronto

CHAIRMAN The Immediate Past President, H. Ian Macdonald

MR. MACDONALD:

The President of the Empire Club, Dr. Harold Cranfield, has kindly invited me to chair this meeting and to introduce our distinguished guest, Professor Ludwig Erhard, whom I had the pleasure, last March, of inviting to address this joint meeting.

In view of the events which dominate the economic world today, there could be no more welcome visitor to a Canadian platform. We are at a stage where universal stock-taking is evident. Prices continue to rise, while the rate of economic growth slackens. Britain contemplates a reversal of centuries of economic separation from the continent of Europe, while Canada turns its currency free to float in the money markets of the world. The western nations begin to question whether economic growth is an unmixed blessing, while the rest of the world fights off the ghost of Malthus.

At such a time, the voice and message of Ludwig Erhard must be, if possible, more significant than ever. The world of economics is populated by theoreticians of limited exposure to economic management, and economic managers of varying professional credentials. In all cases, there are few who can claim association with an economic miracle. We have with us today one who is an erudite economist, a professional policy-maker, and a modern maker of miracles.

A native of Bavaria, Dr. Erhard attended the University of Frankfurt after service in World War One, in which he was seriously wounded. He earned a Ph.D. in economics and began his professional career as a scientific assistant with the Institute for Industrial Studies in Nuremberg. He became the Director of that Institute in 1942.

In 1945, the world witnessed a remarkable exercise in statesmanship, with the decision to build a modern democracy in post-war Germany. The great Lord Keynes had written of the short-sightedness of post–World War One financial measures against Germany, which contributed to economic distress and the rise of the national socialist party. Economic recovery after World War Two was a tribute to the magnanimity of the allies, the resourcefulness of the German people, and the skill of public servants like Ludwig Erhard.

Dr. Erhard first tested the political fires when he became Bavarian Minister of Economy in 1945. With the establishment of the first German parliament on August 13, 1949, he was elected for the riding of Ulm, which he has since represented for the Christian Democratic Party.

It was during the period from 1949 to 1963 that he was responsible for guiding Germany's "economic miracle" as federal Minister of Economics. During part of that era, he undertook additional responsibilities as Deputy Chancellor from 1957 to 1963. From 1963 to December 1, 1966, he held the high office of Chancellor of the German Federal Republic and, since 1967, he has been honorary president of his party.

Naturally, his honours are legion, including that of Professor Emeritis, Law and Political Sciences, of both the University of Munich and the University of Bonn. He is also an honorary doctor of numerous German and foreign universities and honorary citizen of several cities, honorary president of various organizations and holder of the highest orders of Germany and other countries.

It is not unusual for politicians to write books before taking office and rather common for them to publish widely after retirement. Dr. Erhard, however, has made an unusual contribution to economic literature by charting his course, in print, as he held office. He has published three outstanding books: *Germany's Comeback in the World Market*, *Prosperity Through Competition*, and *The Economics of Success*. Incidentally, I understand the last item is recommended reading for all Canadian politicians today.

The members of the Empire Club, who are joined today, Sir, by our colleagues from the Canadian Club, have anticipated your visit for two special reasons. On an international note, your visit precedes negotiations which may alter the historic character of Britain's relationship to Europe. On a personal note, we were privileged to receive your nephew, Dr. Wilfried Guth, General Manager of the Deutsche Bank of Frankfurt, as our speaker on January 22. Now, we welcome you as a great friend to Canada, as a renowned fighter in the cause of freedom, and as a distinguished practitioner of the art of economics. I am happy indeed to present Dr. Ludwig Erhard to discuss: "The Future of European Integration and German-Canadian Relations."

DR. ERHARD:

During my talks here in Canada, I have been both surprised and pleased to be asked again and again how European integration is doing, what developments are about to take place on our old continent, and what will be the consequences for the co-operation and cohesion of the Atlantic world.

In this group, I think I may also assume that you are familiar with the attitude which I have assumed for more than ten years, and which I should like to define as follows: while I have never been unmindful of the need for closer ties among the nations of Europe, I have always regarded with deep concern the split of the still free part of Europe into two blocks – the European Economic Community on the one hand, and the European Free Trade Association on the other. Frankly, I would have preferred a large European Free Trade Area instead. But obviously, the time had not yet come for such a move, and European attachment to national peculiarities may also have played some part in preventing what belongs together from actually coming together. It does not seem an unfounded hope, however, that things will change in the not-too-distant future. Those forces which used to oppose my view that European unity must comprise the whole of free Europe seem to have lost ground in the meantime or have yielded to a better understanding, even if this was not loudly proclaimed. There is no need to explain that I am referring to the accession of Britain and the Scandinavian countries to the European Economic Community – which in turn would seem to justify the confident hope that the process of integration is not yet concluded.

As the negotiations for British membership are about to be taken up, it is high time to be also quite clear on where and in what direction integration is to be intensified and further promoted. Perhaps the existing uncertainty or lack of consensus is the reason why the EEC has not got beyond a customs union and a more than problematical common farm policy with all sorts of "market regulations". Where no progress could be made in depth an escape was sought in side issues. The latest and rather drastic example is the so-called wine market regulation, when a settlement on relatively narrow interests was made the condition for an event of world-wide significance, namely, the start of negotiations for British membership in EEC. Accumulation of partial market regulations, which by their very nature run counter to a free and liberal order, will not result in a European market that is truly a whole, let alone a European, confederation or even federation. I hope you will not say that I contradict myself if I assure you that the idea of a united Europe is alive among the peoples on our continent as something they long for. The dispute on what would be the proper starting point for a successful integration over an even wider area will, therefore, continue for some time to come.

As you know, the European Economic Community – lacking sovereignty of its own and being limited in its authority by law – has adopted the concept of supranationality. This can practically only be understood as an interim solution or a combination of the Community's rights and duties *vis-à-vis* the national parliaments and governments, whose responsibilities are laid down in their respective constitutions. One need not recall the independent ways of a General de Gaulle in order to realize the practical difficulties or the procedural self-contradictions involved in such a set-up.

While a democratic parliament is entitled to amend the Constitution, it may not interpret and apply it at will. In any event, all countries which belong to the Community would have to agree on a common formula to adopt. Where, after all, does the frontier run between the supranational and the international sphere? It is not enough – as we see at present in German economic policy – to form new concepts if these are left without a clear meaning.

A specific example of this lack of clarity is, for instance, the so-called Strasbourg Parliament of the Community, which, in fact, is a consultative assembly rather than a parliament. Deputies are delegated by their national parliaments as long as no European constitution exists – and one may properly ask whether they are committed more to their national constitutions or to some unwritten law that is inspired by Europe? I am not a lawyer myself but an economist and not, I hope, suspected of getting entangled in legal technicalities. But I am even more committed to an organic and intelligible order and, therefore, opposed to the tendency of all socio-political levels to evade clear decisions on fundamental issues. Moreover, I have faith and confidence as far as the value and cohesion of the free world is concerned, but I am not a romantic or a dreamer who prefers to close his eyes to reality.

In voicing my skepticism, as I do, I am not, however, intending to criticize those first Europeans, such as Robert Schumann, Alcide de Gasperi or Konrad Adenauer, who recognized the political and economic danger that threatened Europe and, therefore, knew that a free Europe can only exist as part of the free world. I hope the more that the efforts of my country to arrive at conciliatory arrangements with the Communist world may never render it suspected, in view of its geo-political situation, of trying to move in a political no man's land between different moral concepts, philosophies and societies. The German people may be trusted to know where it belongs.

The failure to set up a European Defence Community has no doubt activated the idea of an Atlantic Community, and it is, therefore, highly understandable that people in North America should want to know what may or even must be the consequences of an advancing European integration. There are, of course, also questions of the Commonwealth involved, and in trying to solve these, we will have to consider what economic benefit – quite apart from historical and moral ties – may yet be derived from the formation of such and similar blocs in an outward-looking free world. These are problems which cannot be evaded as the future developments seem to be already set in motion.

Granted that modern technology and the application of scientific knowledge require not only larger business sizes but also wider economic areas, but surely it cannot be the only answer that it is our fate to be submerged in mass collectivism, that the free order which is once more too easily shrugged off as capitalism is already doomed. The critics of our society feed on their own criticism, without being able to propose a system that would be able to guarantee more progress, more social security, and more prosperity for all. The higher justice required from those quarters is the "justice of egalitarianism", just as if we were not thinking human beings but termites.

Excuse me if I seem to deviate from my subject. But if our free world is at all trying to accommodate to the spirit of the age, which pretends to be modern but strikes one often enough as downright old-fashioned, then it stands to reason that things will not remain unchanged. Anyway, if it is really to be our actual or alleged fate to continue to think in terms of large economic areas, then the question of the relationship between economic and political power becomes inescapable. It would, for example, not be quite the same if Canada were to be referred to as a large economic area because of its vast territory and its wealth of natural resources. If you think of Switzerland, in comparison, a country small in size but of high economic efficiency and specialization, you will see there is some similarity insofar as the imminent problems or rather the dualism of organic national economies and deliberately construed large economic areas is concerned.

The question is whether economically sound but not self-sufficient countries, no matter of what territorial size, can dare to aim at absolute independence. They are confronted with those national economies which have formed blocs and have, therefore, a better chance to raise capital and achieve a higher degree of international division of labour among themselves. It must be fully realized that a free order is ensured only as long as no existing or artificially instituted power frustrates the other nations in their endeavour to maintain their independence. The question is precisely whether we can hold up or reverse the trend of socio-economic developments sufficiently to stay free to decide whether there is still a chance for life in a national economic framework governed by a libertarian social order, or whether national states – even without a nationalistic philosophy – will not ultimately have to agree to give up their independence to form part of wider supranational units. The decisive question is thus whether and to what extent individual national economies may rely on an outward-looking libertarian order to continue their independent existence or whether they are already exposed to the pressure of world-wide economic collectivism that leaves no room for individuality. The answer will be different, depending on whether political forces or economic interests tend towards integration or whether a genuine conflict of interests arises.

Three countries bordering on the present European Economic Community, namely, Sweden, Switzerland, and Austria, have committed themselves to strict neutrality – which does not, of course, mean that other countries, which are members of comprehensive economic and defence organizations, are of a less peaceful disposition.

As regards EEC in this context, I have often and increasingly deplored that it has been given a rather too strong political accent which is not formally or legally justified by the economic purpose of the Treaty of Rome. This position, which is felt everywhere to be ambiguous, has caused countries like the ones I just mentioned to shrink back from the idea of membership – on the other hand, it provided an excuse to the Communist world to insinuate that the six member countries or the EEC as an institution pursue aggressive political intentions. It is true that economic power will not remain without political influence but this must not be understood in a primitive sense as if the pursuit of economic strength were the outflow of the same mentality as the threatening of the world by sheer power. Thus it would be fair to assume that while the enlargement of EEC by further countries will appreciably augment its economic potential, a widened community may be freed from the suspicion of a possible political abuse of its power.

While large economic areas make for closer ties, they reduce at the same time the ability of their member countries to act on their own. To quote an example, in the fifties the Federal Republic of Germany reduced its industrial tariff within a short time by 40 to 50% without demanding reciprocity and this helped to reduce international monetary strains. In the circumstances which led to the most recent change in the French and German parities, in contrast, that instrument was no longer at our disposal. The forthcoming negotiations in GATT will likewise throw some light on the present unsatisfactory situation. The related problem of the developing countries should in a similar way inspire some new thinking. The danger of a conflict of large economic blocs would only increase if their emergence were to be accompanied by the alignment of certain developing areas with economic power groups. Although stemming from quite different roots, a renewed allocation of the world would give rise to not exactly friendly memories of the past colonial system.

It would certainly be appropriate for the peace-loving world to examine whether the political maturity of nations is not lagging behind their possibilities to dominate the material sphere, and thus to improve or re-arrange men's basic living conditions. It may equally be asserted that, despite the disastrous Second World War, we are still inclined to think in terms of power, while at the same time a technocratic outlook on the world and blind faith in figures as an instrument for the programming of life have more and more undermined our confidence in the order of our society. That phenomenon finds its characteristic expression in the sluggish functioning of the international monetary system and, by the same token, in an inadequate standard of international monetary discipline. Unfortunately, I am not in a position to bring you cheering news from Europe on this subject. On the contrary, it seems more and more that the North American continent shows today a better understanding of the imminent perils than Europe. Consider, for example, my own country, the Federal Republic of Germany. Our present economic situation is characterized by what is no longer full employment but a nearly pathological degree of over-employment, 800,000 vacancies that cannot be filled, and 1.8 million foreign workers. At the same time, price rises by 4 to 12% within a year's time have been registered at various levels. It is hard to understand that this latter phenomenon is officially deplored, but also played down, and at the same time the general public is told that the administration knows all right how to meet a recession.

As if that were our present trouble! Things are rather the other way round. There is no surer way to deprive citizens of individual freedom and subject them to collectivism than to disrupt the currency by a frivolous, allegedly social policy and to turn freedom-loving citizens into slaves of the State. I am not afraid to speak up, as it is my deep conviction that what is at stake in the future development is not the individual fate of one nation or another but that we all, who are committed to freedom, will stand or fall together. Before this background, it seems to me that an appraisal of the German-Canadian relations is a secondary issue. What matters for the future is not a set of statistics but principles and commitments. I have referred to a top-heavy alignment and co-ordination of national economies as a misorientation, and because I have no sympathy for a European inbreeding, I can only hope that the present rather one-sided pattern in economic and financial relations will in future leave more room for German-Canadian co-operation.

In conclusion, permit me to sum up my theses:

- There is no convincing political or economic argument why the European Economic Community should be limited to the present member countries.

- The end of the colonial era confronts the free world at least with the question whether there could or should be any other formula by which underdeveloped countries are aligned with or subordinated to economic power groups. Is it still imaginable today that the population of Central Africa could be classified according to its "British" or "French" past? What are the practical consequences?
- At a time when the British Empire has ceased to exist as a world-political power and even the Commonwealth is no longer the expression of economic unity, also the European Economic Community – the enlarged one, as it must be hoped – will have to show clearly where it will stand, both politically and economically. One cannot condemn positions of power and at the same time re-establish new ones.

So I must ask: what is it we want? It seems that we act as if we were about to set up a new world order, and all we think of, in the end, is in terms of power or a balance of power. Nor can the European Economic Community claim to be the keeper of a higher moral standard as long as it is itself haggling for economic advantage. As long, therefore, as a European Economic Community is nothing but an economic bloc – a large economic area – it will not be an inspiration to the world, and a power, dominating this world, it will never be able to be, and, I hope, never wish to be. To be strong enough to serve peace and freedom, that alone is our duty and task.

Dr. Erhard was thanked on behalf of The Empire Club and The Canadian Club by Mr. John M. Gray, President of The Canadian Club.

MR. GRAY:

Sir, we are deeply conscious of the great honour you have done us, in The Empire Club and The

Canadian Club, by your visit today. As the Chairman remarked, you are known as the architect of a great economic miracle. We are grateful that you have shared some of your expertise with us today and we offer you our best wishes during your visit to Canada and in your continuing service to your country.

June 22nd, 1970.

The Members,
The Empire Club of Canada,
Toronto, Ontario.

Gentlemen,

We report that we have examined the attached Balance Sheet of The Empire Club of Canada as at 30th April, 1970 and the attached Statement of Surplus for Continuation of Club Activities and Statement of Operations for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Office Furniture and Equipment is carried on the Balance Sheet at a nominal value of $1.00.

In our opinion, these Statements present fairly the financial position of the Club as at 30th April, 1970 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles.

Reported by,
H. T. JAMIESON, LEMAY, & COMPANY
CHARTERED ACCOUNTANTS
Honorary Auditors

BALANCE SHEET AS AT 30TH APRIL, 1970

1969	ASSETS		
	Current Assets:		
$2,634.19	Cash on Hand	$ 28.40	
245.25	Accounts Receivable	391.75	
25.00	Prepaid Expenses	121.00	
$2,904.44			$ 541.15
	Investment at Cost:		
5,757.25	Government of Canada Bonds 4½% maturing 1st September, 1983. Par Value $6,000.00 (Market Value 30th April, 1970 $4,335.00)		5,757.25
1.00	*Office Furniture and Equipment at Nominal Value*		1.00
$8,662.69			$ 6,299.40

	LIABILITIES AND SURPLUS	
	Current Liabilities:	
$2,806.36	Accounts Payable	$10,197.21
—	Bank Overdraft	3,336.34
190.00	Membership Fees Received in Advance	10.00
—	Presentation Fund	43.25
1,000.00	Estimated Provision for Unpresented Luncheon Tickets	428.75
$3,996.36		$14,015.55
	Surplus for Continuation of Club Activities:	
4,666.33	Balance (Deficit) at end of Year	(7,716.15)
$8,662.69		$ 6,299.40

NOTE: At 30th April, 1970 the Club was committed to publish the 1969/70 Year Book at an estimated cost of $7,500.00.

Certified as per our attached Report of this date.

H. T. JAMIESON, LEMAY, & COMPANY
CHARTERED ACCOUNTANTS
Honorary Auditors.

Toronto, Ontario,
22nd June, 1970.

STATEMENT OF SURPLUS FOR CONTINUATION OF CLUB ACTIVITIES FOR THE YEAR ENDED 30TH APRIL, 1970

Balance 30th April, 1969	$ 4,666.33
Add:	
Life Membership Fees Received	–
	$ 4,666.33
Deduct:	
Net Loss on Operations for Year	12,382.48
Deficit 30th April, 1970	$ 7,716.15

STATEMENT OF OPERATIONS FOR THE YEAR ENDED 30TH APRIL, 1970

Income:		
Membership Fees		$23,890.00
Proceeds from Sale of Year Book		26.00
Interest Received on Bonds		270.00
Proceeds from Sale of Luncheon and Dinner Tickets	$37,946.82	
Add:		
Decrease in amount provided for Unpresented Tickets	433.25	38,380.07
Miscellaneous		–
		$62,566.07
Expenditure:		
Bank Charges and Exchange		$ 28.25
Canada Pension Plan		92.67
Donations		–
Furniture and Fixtures		155.54
Luncheon and Dinner Expense, excluding amount pertaining to Head Table and Publicity		37,972.07
Luncheon and Dinner Expense pertaining to Head Table		1,826.07
Members' Notices		9,763.80
Membership Promotion		394.17
Miscellaneous		576.02
Music		290.00
Printing, Stationery and Postage		2,585.66
Publicity and Photographs		2,171.92
Recording		968.18
Rent		1,477.81
Speakers' Expense		594.43
Telephone and Telegraph		628.79
Secretarial Services		7,586.30
Unemployment Insurance		81.20
Year Book Costs		7,775.67
		$74,948.55
Net Loss on Operations for the Year		$12,382.48

1970 - 1971 *Officers and Board of Directors*

Honorary President	HIS EXCELLENCY, THE RT. HON. ROLAND MICHENER, C.C., C.D., GOVERNOR GENERAL OF CANADA
Honorary Vice-President	W. ROSS MACDONALD, P.C., C.D., LL.D. LIEUTENANT-GOVERNOR OF ONTARIO

Officers

President	H. V. CRANFIELD, M.D., C.R.C.P.(C)
First Vice-President	H. N. R. JACKMAN
Second Vice-President	H. ALLAN LEAL, Q.C., LL.D.
Third Vice-President	JOHN IRWIN
Secretary-Treasurer	G/CAPT. R. C. A. WADDELL, D.S.O., D.F.C.
Honorary Secretary	HIS WORSHIP MAYOR WILLIAM DENNISON
Honorary Treasurer	MARVIN B. GELBER
Hon. Asst. Secretary	NORMAN BORINS, Q.C.
Hon. Asst. Treasurer	R. FORD RALPH
Honorary Auditor	H. T. JAMIESON, F.C.A.

Board of Directors

P. J. AMBROSE
R. L. ARMSTRONG
CHAD F. BARK
D. H. W. BATH
EDMUND C. BOVEY
E. T. C. BURKE
ARTHUR R. T. CHETWYND
J. H. CORRIGAN, Q.C.
ALFRED H. COWLING
DR. C. B. CRUMMEY
ROBT. B. DALE-HARRIS, D.S.O., F.C.A.
W/C H. G. GILLINGHAM
GRAHAM M. GORE
GORDON E. GRUNDY, F.C.A.
CMDRE. R. I. HENDY, V.R.D., C.D., Q.C.
PETER HERMANT
C. C. HOFFMAN
VERY REV. E. M. HOWSE, S.T.M., PH.D., D.D.
LT. COL. P. W. HUNTER, C.D.
JOHN P. G. KEMP

MAJ. GEN. GEORGE KITCHING, C.B.E., D.S.O., O.ST.J., C.D.
HON. A. F. LAWRENCE, Q.C.
H. IAN MACDONALD
W. MALCOLM MCINTYRE
JAMES MACKEY
DR. JAMES A. PARISH
JOSEPH H. POTTS, C.D., Q.C.
DAVID W. P. PRETTY
DR. MURRAY G. ROSS
LT. COL. E. A. ROYCE, E.D.
R. BREDIN STAPELLS, Q.C.
COL. J. G. K. STRATHY, O.B.E., E.D.
JOHN M. THOMPSON
LT. COL. J. G. WASTENEYS, C.D.
DOUGLAS WINTERS, Q.C.

Immediate Past President	H. IAN MACDONALD
Past Presidents	GRAHAM M. GORE R. BREDIN STAPELLS, Q.C. LT. COL. E. A. ROYCE, E.D.

Constitution

As amended April 27th, 1967.

ORGANIZATION OF THE CLUB

ARTICLE I

Name

1. The name of the club shall be The Empire Club of Canada.

Purpose and Object

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

MEMBERSHIP

ARTICLE II

Classes of Members

1. The membership of the club shall consist of:
   (a) Honorary members
   (b) Life members
   (c) Regular members
   (d) Corporate members

   All members of classes (a), (b), (c) must be of the full age of eighteen years.

Honorary Members

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of voting or holding

office and their membership shall be terminable at any time by a two-thirds majority of those present at a meeting of the board of directors.

Life Members

3. Members of the club in good standing (other than corporate members) and other persons regularly proposed may be elected life members by a two-thirds majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

Regular Members

4. Save as provided in Section 5 of this Article candidates for regular membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors.
   Save as provided in Section 5 of this Article regular members shall pay respectively such annual fees as may be fixed from time to time by the board of directors. Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

Corporate Members

5. Any company, partnership or business organization shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative regular members. The applicant and its nominated representatives shall be elected by a two-thirds majority of those present at a meeting of the board

of directors. A corporate member shall be entitled to nominate such number of its representative regular members as may be fixed from time to time by the board of directors and shall pay such annual fee as may be fixed from time to time by the board of directors, provided that such fee shall not be less than the aggregate fees which would have been payable on an individual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative regular members of a corporate member.

DIRECTORS

ARTICLE III

Duties and Powers

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the Chairman of the meeting shall have a casting vote.

Number and Quorum

2. The board of directors shall consist of forty members of whom sixteen shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three past presidents immediately preceding the immediate past president if they are willing and able to act as directors.

Election of Directors

3. A nominating committee consisting of five members of the board of directors and four other regular members

of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of directors at the annual meeting. If nominations do not exceed the number of directors necessary, the chairman of the meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a regular member in good standing and is a Canadian citizen or a British subject.

Meetings of Directors

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meeting, no notice need be given.

Casual Vacancies

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy

from among the members for the unexpired portion of the term of office of the person whose office is vacant.

OFFICERS

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary and a Secretary-Treasurer. The board of directors may from time to time elect or appoint such other officers as it shall deem necessary. The President and the Vice-Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as Chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

Appointment of Officers

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

Casual Vacancies

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

Honorary Auditor

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

COMMITTEES

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as convenient after the election of the board:
   (a) Budget and Finance Committee
   (b) Speakers Committee
   (c) Membership Committee
   (d) Constitution Committee
   (e) Reception Committee
   (f) Publicity and Public Relations Committee
   (g) Year Book Committee
   (h) Head Table Committee
   provided that for any year the board of directors may by resolution elect not to appoint any one or more of such committees.
2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

MEETINGS OF MEMBERS

ARTICLE VI

General Meetings

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as may from time to

time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

Annual Meeting

2. The annual meeting shall be held not later than April 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

Notice of Meetings

3. Written notice of all meetings of members shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to any member shall not invalidate the proceedings at any meeting.

Quorum at Meetings

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the Chairman of the meeting shall have a casting vote.

Limitation of Business at General Meetings

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person other than the chairman of the meeting, unless it has been submitted to the board of directors and received its approval.

FISCAL YEAR

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30th.

AMENDMENTS

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.

Membership

1969-70

HONORARY MEMBERS

*Field Marshal Earl Alexander of Tunis, K.G., G.C.B., G.C.M.G.
Cartwright, John R, The Hon. Chief Justice of Canada
Clouse, Major Frank
Comber, Walter W.
Daniels, D. K., O.B.E.
Frost, Hon. Leslie M., Q.C.
Gardiner, F. G., Q.C.
Geary, Major B. H., V.C.
*Gillespie, Lt. Col. George H.
Mansfield, S. J.
Miles Ernest
Osborne, Col. J. Ewart

LIFE MEMBERS

Allan, William N.
Anderson, D. S.
Ash, W. M. V.
Bassett, J.
Batty, Joseph
Baxter, Ian S.
Baxter, Major James, M.C.
Beare, S. E.
Beatty, D. S.
*Berkinshaw, R. C.
Best, Douglas W.
Borins, Norman, Q.C.
Bovey, E. C.
Boyles, Thomas A.
Burns, Charles F. W.
Caswell, W. A., J.P.
Cobham, Arthur H.
Cosens, G. G.
Craig, Lt. Col. John A. D.
Cranfield, Dr. Harold V.
Crummey, Dr. Clarence B.
Davies, Rev. E.
Deacon, Fraser
Douglas Lt. Col. R. G.
Du Vernet, E. A., Q.C.
Eaton, Donald L. H.
Eisen, Sol.
Fletcher, S. S.
Frost, Lt. Col. C. S. Jr., Q.C.
Gillingham, W/C Harold G.
Goldring, Dr. C. C.
Gore, Graham M.
Griffin, Ian A.
Griffin, John W.
Harpham, H.
Hellyer, Hon. Paul T., P.C., M.P.
Hermant, Adam B. T.
Hermant, John D.
Hermant, Peter
Hermant, Sydney
Hilborn, Lt. Col. Robt. H., M.B.E.
Hoffman, Charles C.
Hogg, Lt. Col. N. D., M.B.E., E.D.
Hough, T. E.
Howse, T. H.
Hughes, James O.
Inwood, A. E. M.
Jackman, H. N. R.
Jackman, H. R., Q.C.
Jamieson, H. T.
Johnston, W. D.
Joyce, James H.
Jupp, Lt. Col. D. H., O.B.E.
Karn, William M.
Kent, J. Palmer, Q.C.
Keys, N. A., M.C., Q.C.
Lambert, A. T.
Lawson, H. R.
Legge, Col. B. J., Q.C., E.D.
Low, Steven
*MacKay, Hon. Keiller
Mackinnon, Lt. Col. A. P.
Matthews, Maj. Gen. A. B.
Matthews, Brig. F. B., C.B.E., Q.C.
McCrimmon, Maj. J. S. G.

*Deceased.

McKinnon, N. J.
Michener, Rt. Hon. Roland, C.D., C.C.
Mikkila, W. G.
Neelands, D. G.
Pallett, John C.
Parish, Dr. James A.
Ridley, John B.
Roman, S. B.
Rosen, A. E.
Royce, Lt. Col. E. A., E.D.
Sandy, J.
*Scythes, J. A.
Smeed, J. R.
Stark, Hon. Mr. Justice Alexander, Q.C.
Strathy, Col. J. G. K.
Sullivan, Hon. J. A., M.D.
Thompson, Eric F.
Thomson, Garth O.
Thomson, K. R.
Turner, Capt. T. C.
Waldie, Gordon
Watkins, William B.
Williams, J. K.
Wotherspoon, Brig. G. D. De S.

REGULAR

Abbey, Robert
Abel, Albert S.
Abernethy, Lt. Col. W. W.
Abram, George S.
Acomb, S. R.
Adair, Joseph
Adams, A. H.
Adams, G. W.
Adams, Graham
Adams, J. C.
Adams, John R. B.
Adams, Nevin R.
Adams, Ross H.
Adams, W. H.
Adamson, Edwin F.
Adamson, G. A.
Adamson, Harold J.
Adamson, Walter
Adye, Rev. Canon E. R. G.
Agar, Harold A.
Aggett, A. H., M.R.A.I.C.
Agius, Walter
Aiken, Lloyd T.
Aikenhead, James M.
Aird, A. E.
Aitchison, Ian A.
Aitchison, R. J.
Alberts, Edgar T.
Albery, A. C. R.
Alderwick, Trevor
Alexander, H. H.
Allan, A.
Allan, Dr. Blandford
Allen, John F.
Allen, Dr. Michael S.
Allen, R. D.
Allen, W.R., Q.C.
Allingham, N. W.
Allison, A.
Allward, James
Amato, L.
Ambrose, Sheriff P. J.
Amos, J. L.
Ander, Morris
Anderson, Earl F.
Anderson, J. B.
Anderson, J. Murray
Anderson, Dr. T. W.
Anderson, Lt. Gen. W. A. B.
Andras, K. B.
Andreae, H. C.
Andrunyk, S. F.
Anglin, Dr. Crawford S.
Angus, D. L.
Annett, D. R.
Anthony, R. F. K.
Apple, B. Nixon, Q.C.
Appleton, C. N.
Appleton, D. C.
Arbuckle, W. Walter
Archbold, Wm. D.
Archer, Wm. L., Q.C.
Archibald, C. R., Q.C.
Arena, John
Argue, D. R.
Armour, Dr. E
Armour, A. Douglas
Armstrong, A. S.
Armstrong, G. E.
Armstrong, Jas A.

*Deceased.

Armstrong, P. C.
Armstrong, Robert L.
Arthur, B. R.
Arthur, John G.
Arnold, J. M.
Ashley, S. E.
Astle, G. W.
Astley, D. B.
Atherton, C.
Attewell, W. C.
Auburn, F. W.
Auden, M. F.
Austin, Frank
Austin, J. Jarvis
Azzarello, A.

Babcock, Harold A.
Back, Samuel
Bagshaw, B. F.
Bailey, H. V.
Bailey, Wm. H. C.
Bailey, William K.
Bailie, A. A.
Bainard, R. H.
Baines, Frederic P.
Baker, Allan D.
Baker, Rev. A. Gordon
Baker, C. C. M.
Baker, George
Baker, J. R.
Balfour, H. K.
Balfour, Norman E.
Ball, Gordon R.
Ball, J. R.
Band, Philip E.
Banner, Mac
Bantin, Chas. E.
Barber, D. J.
Barber, Col. J. R., E.D., C.D.
Barber, William
Barclay, D. F.
Bardsley, J. W.
Bark, Chad F.
Barnes, Major F. A.
Barnsley, E. R.
Barrett, L. C., Q.C.
Barron, Christopher
Barths, Karl L.
Barstow, J. M.
Bate, Wm. B.
Bates, George H.
Bates, Dr. Gordon
Bath, Donald H. W.
Bateman, R. W.
Batten, D. M.
Bawden, H. N.
Baxter, Wm. H.
Bayes, W. E.
Baylis, Roy E.
Beamish, King J.
Beattie, A. L., Q.C.
Beattie, C. M.
Beauchamp, Walter N.
Beckerman, Irving
Bedford-Jones, Canon H.
Beeston, George H.
Belak, Nicholas
Bell, B. D. Gordon
Bell, C. B.
Bell, Clarence W.
Bell, D. R.
Bell, J. Donald, Q.C.
Bell, Norman B.
Bell, N. H.
Bell, Norman O.
Bell, W. E.
Belyea, Abner B.
Belyea, Roy E.
Ben, George
Bengert, Ernest C.
Benitz, John C.
Bennett, Bryan C.
Bennett, David T.
Bennett, Jacob M., Q.C.
Bennett, Rev. Reginald M
Bentley, A. F.
Berghuis, Wm. W.
Bernard, Paul J.
Berner, W. G.
Best, Gordon H.
Best, Peter
Biback, Norman
Bick, Charles O.
Biddell, John L.
Biggs, G. L.
Biggs, Stanley C., Q.C.
Bilbrough, W. H.
Billes, A. W.
Birchall, L. J.
Bird, Robt. A.
Birmann, E. K.
Birrell, L. P.

Birrell, Dr. Russell G.
Blachford, H. A.
Black, James J.
Black, Paul F.
Blain, Lysle K.
Blair, L. E.
Blair, S. M.
Blair, W. D'Arcy
Blair, Willis L.
Blake, Parker G.
Blanchard, H. A.
Blane, Robert
Blay, J. A.
Bleeker, D. F.
Boddy, R. Paul
Boehmer, J. W.
Boileau, G. A.
Bolke, H.
Bond, Arthur S.
Bonnycastle, L. C.
Bonus, W. H.
Bonyun, Denis F.
Booth, Dr. C. W.
Borins, Prof. Stephen
Bosanquet, L. C.
Bascariol, Frank
Botnick, Harry P.
Bourne, F. R.
Bourne, J. H.
Bowen, E. L.
Bower, M. E.
Bowes, David
Boyce, W. M.
Boyko, Jos.
Boyle, B. E.
Boyle, J. A.
Boylen, M. James
Boytchuk, W.
Boylen, Lt. Col. P. F.
Brace, Wm.
Bradshaw, James A.
Bradshaw, Robert H.
Bragg, Floyd H.
Bragg, R. W.
Brain, George M.
Braithwaite, L. A.
Bramm, Geo. V., M.E.I.C.
Brander, F. Gerald
Brannan, C. C.
Brannan, Carl E.
Branson, C.
Brant, Reuben
Breckenridge, R. J.
Brent, John E.
Brethour, E. J.
Breuer, K.
Brewer, Glen
Brewin, John
Bridger, John R.
Brinklow, E.
Brissenden, W. G.
Britten, T. B.
Broad, R. L.
Broadley, J. E.
Brock, Frederick W.
Brodey, Peter E.
Brodie, P. S. H.
Brodsky, Jack
Brokenshire, W. H.
Brooks, Dr. Clarence E.
Brooks, Herbert
Brooks-Hill, F. B.
Brookes, Trent Roland
Broomfield, George
Brown, Arthur E.
Brown, Dr. C. A.
Brown, Eric J.
Brown, E. Bradley
Brown, George M.
Brown, Gerald D.
Brown, Brig. H. E., O.B.E., E.D., C.D.
Brown, Hugh E.
Brown, J. Sommerville
Brown, John H.
Brown, John M.
Brown, Lorne
Brown, Mannie
Brown, Ronald A. W.
Brown, T. F. S.
Brownbill, H. F.
Brumell, J. K.
Brundage, C.
Brunskill, A. M.
Bruton, M. W.
Buckley, R. J.
Buddenhagen, W. C.
Buell, E. J., Jr.
Bull, R. J.
Bundy, Robert G.
Bunting, C. A.
Bunting, Pearce

Burden, J. M., Q.C.
Burden, Bruce C.
Burgess, Arthur C.
Burgess, C. Norman
Burgess, H. T.
Burgess, R. N.
Burk, J. Paul
Burke, E. T. C.
Burke, H. Gwynne
Burnard, F. S.
Burnham, Arthur J.
Burns, James E.
Burns, John
Burns, Lt. Col. L. J. W.
Burnside, Ed. G.
Burrows, R. G., Q.C.
Burry, C. James
Burson, Geo., Q.C.
Burton, Chas. G.
Burton, Lt. Col. G. A.
Bury, George J.
Bussey, Arthur
Butler, Ian
Buy, Rodney
Bynoe, B. Clive

Cadesky, L.
Caird, J. F.
Cairns, Richard B.
Cairns, Victor R.
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Calderone, A. C.
Calderone, Gus V.
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Calladine, Eric A.
Calvert, W.
Cameron, Donald R.
Cameron, George M.
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Campbell, Maj. D. A.
Campbell, D. L.
Campbell, E. K.
Campbell, E. M.
Campbell, I. R., C.A.
Campbell, John R., Q.C.
Campbell, J. W. M.
Campbell, Paul J.
Campbell, Robt. E.
Campbell, T. I.
Campbell, W. Allan
Campbell, W. S.
Camps, John F. A.
Cane, A.
Canham, W. G.
Cappe, Joe
Cappe, N. R., Q.C.
Carey, A. R.
Carleton, Major W. J.
Carlisle, Donald H.
Carnegie, A. D.
Carney, G. W. Ward
Carpenter, Dr. T. A.
Carr, E. P.
Carradus, Capt. H. R.
Carrodus, Peter W.
Carrick, Donald, Q.C.
Carruthers, G. L.
Carson, C. E.
Carson, James L.
Carson, L. W.
Carson, R. B.
Carter, J.
Carter, James P.
Carthew, Fred W.
Carver, R. D.
Casey, D. W.
Casey, E. M.
Cassels, Gordon T.
Casserly, F. W.
Casson, Richard
Catto, Lt. Col. John
Cauley, J. F.
Cavoukian, Artin
Chadsey, P. J.
Chadwick, D. T., A.R.I.C.S., A.M.T.P.I.C.
Chaffe, Richard S.
Chalmers, Floyd S.
Chambers, H. J. A.
Champion, R. H.
Chandler, Frank G.
Chant, Dixon S.
Chapman, S. F.
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Charlebois, John P.
Charlton, A. E.
Chase, T. Millar
Checkley, J. W.
Chester, Lane R.
Chetwynd, Arthur
Chisholm, Dr. Lionel D. J.
Chittick, W. J. H.

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Christie, Col. J. H., M.C., E.D.
Christie, Dr. R. J.
Chrysler, H. W.
Ciglen, Samuel, Q.C.
Clark, A. S.
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Clark, Robt. F.
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Clarry, John H. C.
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Clifford, C. Thomas
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Clute, F. J.
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Cole, T. F. C.
Collett, W. M.
Collier, W. R.
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Collins-Williams, G. W.
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Colwell, C. W.
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Connell, John A.
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Cook, G. A.
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Cory, Peter DeC.
Cosbie, Dr. W. G., M.C.
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Cosby, Stanley C.
Coulthard, W. W.
Coupal, Chas.
Coupland, Walter C.
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Cowan, W. George
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Cowperthwaite, Gordon A. H.
Craft, Robt. F.
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Cranston, R. A.
Crashley, Lt. Col. J. D., C.D.
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Davis, M. B. W.
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Farrell, Rovert R.
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Filo, John J. D.
Fingold, S.
Finlayson, Gordon W.
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Fisher, A. J. M.
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Fisher, F. R.
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Flynn, W. Hugh

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Foulds, K. A.
Fournier, R. P.
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Fraser, A. T. L.
Fraser, Geo. R.
Fraser, I. MacG.
Fraser, Hon. Mr. Justice Neil
Freeman, D. H.
Freeman, L. R., O.B.E., Q.C.
Freeman, R. H.
French, D. J.
Freyseng, Willis P.
Fricker, Austin
Friedland, Seymour
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Frost, Major C. S., M.C.
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Fry, E. Ewart
Fryer, J. Dudley
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Galloway, Charles T. P.
Gardiner, Geo. C.
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Garlick, R. D.
Gartley, John C.
Gaskell, Ian M.
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Gathercole, R. J.
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Gaunt, J. Wm.
Gee, J. M.
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Gelber, Marvin B., M.P.
Gelinas, E. A.
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George, Lt. Col. M. E.
German, V. C.
Gerstein, Bertrand
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Gervais, Morris
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Godfrey, J. M., Q.C.
Godfrey, Wm. H.
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Goering, S. C.
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Goodchild, J. W. F.

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Goodfellow, E. J.
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Goodman, J. O.
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Grant, Major C. M., M.B.E., C.D.
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Grant, G. O.
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Grant, R. H.
Grasett, H. W. S.
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Hamann, George F.
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Hamilton, E. H. P.
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Hamilton, John B., Q.C.
Hamilton, R. M. P.
Hanks, Robt. S.
Hannon, Dr. J. W. G.
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Hardy, Eric
Hargraft, George L., C.D.
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Harries, Lt. Col. M. R., M.B.E., C.D.
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Harris, S. J.
Harris, Wm. B.
Harrison, H. P.
Harry, Kenneth J.
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Hartford, Donald H.
Hartley, Eric L.
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Hassard, Richard J.
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Hawkins, Elmer A.
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Hayden, Hon. Salter A.
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Haynes, Eric H.
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Henry, T. P.
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King, Terence A. S.
King, Wilfred B.
Kinghorn, A. A.
Kingsbury, E. D.
Kingsmill, A. S.
Kingsmill, Col. C. D.
Kinnear, H. W., Q.C.
Kirbyson, R. E.
Kirk, Colin
Kirk, Gordon H.
Kirkendale, J. D.
Kirkor, A.
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Kirschbaum, Dr. Jos. M.

Kitching, Maj. Gen. Geo.
Kittermaster, D. A.
Klymas, R. M.
Knifton, Harold E.
Knight, J. Forbes
Koerber, Walter F.
Kortright, L. H. G.
Kostka, Lt. Col. W.
Koyl, Jack E.
Kremer, Dr. H. A.
Kuehn, Bernie P.
Kyle, James C.

Labow, L. L.
Labrie, J. P.
Lace, Brigadier F. D.
Lacey, Rev. E. C.
Laffey, James V.
Laidlaw, R. A.
Laidley, K. R.
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Laing, James F.
Lake, Capt. J. F.
Lambert, E. Howard
Lampert, H.
Lane, W/C E. M.
Lane, F. E.
Langer, Henry Peter
Langford, Dr. G. B.
Langford, H. E., Q.C.
Langford, J. A.
Langley, Major Arthur J.
Langton, J. G.
Large, Peter K.
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Latimer, W. R., Q.C.
Laughlin, J. E.
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Law, Robert
Lawer, Cyril J. E.
Lawer, John V., Q.C.
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Leal, H. Allan, Q.C., LL.D.
Leapman, D. J.
Learment, John D.
Learmonth, Lt. Col. Wm. R.
Leckie, Wm. A.
Lederer, R. F.
Ledden, James J.
Ledez, F. G.
Lee, Charles, C.A.
Lee, Robt. C.
Lee, Wm. E.
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Little, T. C. W.
Littler, W. T.

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Livingston, Wm. R.
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Luckett, James S., Jr.
Ludlow, Basil G.
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MacCarthy, James F.
MacCulloch, P. C.
MacDiarmid, K. H.
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Macdonald, Gordon S.
Macdonald, H. Ian
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Macdonald, John W.
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Mott, Terence C.
Mould, Jack
Mount, Peter
Mudie, Hubert C. P.
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Mulholland, D. B., Q.C.
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Muncaster, J. D.
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Murchie, W. T.
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Murphy, Dr. E. Gordon
Murphy, Thos. H.
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Musgjerd, Robt. D.
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Myers, Rev. A. J. Wm.
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Newsham, Major The Rev. R.
Newton, W. P.
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Nicklin, James P.
Nicks, F. W.
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Norrington, H. W.
Northey, J. A.
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Ogg, Albert M.
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Olscamp, James J.
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O'Mejer, Major T. Odegard
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O'Reilly, Wm. J.
Orenstein, Samuel
Ormrod, William
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Palmer, Godfrey

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Parsons, Norman
Partington, Eric
Partridge, W. T.
Paterson, Ian
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Patterson, Alex J.
Patterson, H. Ronald
Patterson, I. J.
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Patterson, Major W. E.
Pattison, W. S.
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Payne, Ralph B.
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Peacher, Douglas J.
Peachey, Edmund
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Peatfield, D. E.
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Peebles, L. H. B.
Pegg, W. Wesley
Penfold, G. E.
Pepler, Ronald S.
Pepper, P. B. C., Q.C.
Peppler, J. H. O.
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Perry, J. Harvey
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Petch, Arthur J.
Petersen, H. V.
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Peto, Capt. E. M.
Pettigrew, J. G.
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Phillips, Harold G.
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Phillips, Nathan, Q.C.
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Pineo, Lloyd G.
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Pirie, Robt. J.
Pitblado, James B.
Pitt, C. B.
Plain, B. E.
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Platt, Robert G.
Pollock, Wm. I.
Poole, G. R.
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Porianik, Michael
Porter, Donald S.
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Potter, Raymond E. S.
Potts, J. H., C.D., Q.C.
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Poulter, R. C.
Pounsett, F. H. R.
Powell, Dr. A. B.
Power, Brian W.
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Powley, B. G.
Poyntz, A. R.
Prentice, D. H.
Prentice, Magistrate John L., Q.C.
Prentice, Victor F.
Prestwich, T. Jackson
Pretty, David W.
Price, Grenville C.
Price, Harry I.
Price, Vincent, Q.C.
Prince, H. R.
Pringle, Donald M.

Prior, Rev. William
Procter, W. Harley
Proctor, John S.
Prowse, Russell A.
Pryce, Brian H.
Puffer, Dr. A. Douglas
Pullan, H.
Purcell, Gillis
Purchase, H. W.
Purvis, G. I.
Puttock, Nigel W.
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Quick, Donald W.
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Read, Robt. A.
Reason, J. F.
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Redwood, J. A.
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Shillington, C. Howard
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Shipp, Gordon S.
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Sinclair, William R.
Singer, Leonard G.
Sivers, N. S.
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Skey, W/C L. W.
Skinner, Chas. C.
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Sloan, Manson J.
Small, R. Hardy
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Smiley, Ross V.
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Smith, Gordon F.
Smith, Isadore
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Smith, Lewis C.
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Sneath, A. V.
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Snow, Brig. Eric
Snyder, J. C.
Soady-Easton, Lt. Col. E., C.D.
Soame, G. R.
Solman, N.
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Somerville, Marc J.
Sone, Shael S.
Southam, W. W.
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Speicher, N. A.
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Stephenson, K. S.
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Sutton, W. J.
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Swift, Charles A.
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